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SOVIET BALTIC EXERCISE SEEN IN LIGHT OF 'ZONE,' PEACE PROPOSALS

Oslo AFTENPOSTEN in Norwegian 4 Aug 81 p 2

[Editorial: "In the Service of Peace"]

[Text] Peace is a "patient" word. It is used and misused on the most different occasions. These days it is once more being scrutinized. The participants in a demonstration demanding a Europe free of nuclear weapons "from Portugal to Poland" will enter the capital of France after a walk of several weeks along the roads of Western Europe. They have wandered afoot this long stretch in the service of peace. There is every reason to doubt, however, that this peregrination will alter the military situation in Europe. It must feel good to be an idealist at a time when human beings have produced weapons that can destroy our entire globe. But the danger these weapons represent also makes it necessary to use common sense and be realistic. The "Peace March" to Paris has been twisted in that it is aimed exclusively at ridding Western Europe of American nuclear weapons. Therefore it is not of the world of reality.

Nobody misuses the "peace" as industriously as do the regimes the participants in the "peace march" have left out of their slogans. The communist states along the Baltic have named this area the "Sea of Peace." While the well-meaning participants in the "Peace March" gather for the last demonstration in Paris, the Soviet Union is making preparations for the largest naval maneuver ever to have taken place in the "Sea of Peace." It is to be conducted in waters which must be included in a "Nordic nuclear-free zone" if this idea is to have meaning, but it is to be feared that the enthusiastic "peace marchers" will not give the power demonstration by the Soviet fleet the attention it demands. For example, do they not find it striking that the Soviet naval units in the "Sea of Peace" include an unusually large number of warships equipped with nuclear rockets?

The Soviet maneuver is planned as an amphibious operation. According to Western intelligence circles marine units are to be landed on the coast of Estonia. It may be by chance that the Soviet rulers carry out so grand a concentration of its navy, led by the aircraft carrier Kiev, at a time when tension in Poland is reaching a new high level. But even if the naval exercise in the "Sea of Peace" has no direct connection with conditions in Poland it will act as warning to the Poles. The Soviet leaders, worried over developments in Poland, show their power in a way that will make the people of Poland think about the worst that can happen: a Soviet military intervention. To the Poles, the Baltic is no longer a "Sea of Peace."

Working for peace is praiseworthy. Nobody wants war, but it is being revealed time and again that the supposedly most "peace-minded" regimes attempt to the utmost to exploit the peace idealists for their own purposes. And these regimes are not exactly noted for their efforts on behalf of peace. Of this we have been reminded these days in the "Sea of Peace."

11,256

CSO: 3108/176

'RED LANTERN' OPERATION REPORTEDLY SMASHES TKP

'HURRIYET' Report

Istanbul HURRIYET in Turkish 23 Jul 81 p 17

[Article by Oktay Ozeskici]

[Text] Ankara, (HURRIYET)--It has been revealed that the secret Turkish Communist Party [TKP], thought to have been eradicated following the operations carried out in 1951 and 1961, has instead become even stronger, making preparations aimed at overthrowing the regime and transmitting information obtained concerning social, political, economic and military matters by means of microfilm to iron curtain countries. Two thousand TKP members were apprehended in the "Red Lantern Operation," the biggest operation in recent years, carried out around the clock by the National Intelligence Organization [MIT] and the political police in order to expose the illegal TKP. According to information obtained, the TKP's domestic and foreign system of organization and its officials were uncovered. Meanwhile, it was indicated that TKP sympathizers were sent abroad in the guise of tourist groups, and educated in various subjects in "party schools" set up in iron curtain countries.

The "Red Lantern" operation, which began following the determination that a worker by the name of Hasan Yilmaz, working in the Gazi Fisek Factory in Kirikkale, was a member of the secret Communist Party, was pursued across the country and abroad. The preparations continued for about 6 months. It was perceived that persons belonging to the TKP, acting against Turkey's long-term national interests, micro-filmed information which they obtained on social, political, economic and military matters and transmitted it to TKP central committee members living in iron curtain countries.

Thirty Person Classes

The interrogations revealed that TKP sympathizers were sent out of the country in the guise of tourists, with false documents procured abroad, and were then secretly shipped into iron curtain countries where they were given 6-month courses. According to information provided by Ferruh Ozbak, a TKP member who underwent this instruction, Communist Party sympathizers from all over the world were given courses taught by experts on "theory and technique, economics and political philosophy, Communist Party history and social psychology.

The interrogation of members apprehended during the "Red Lantern" operation, undertaken 20 years later [as published], revealed that in 1932, the TKP met under the banner of the "4th Congress;" later, however, as they were unable to achieve an absolute majority, the central committee members were determined by means of conferences which were given the name of "Plenumul." It was perceived that the following meetings were held: The 1977 Moscow and Konya Conference, the 1978 Plenumul meeting in Germany and the East German conference in 1980. The names and codenames of members of the central committee of the TKP, the majority of which reside abroad, were revealed as follows:

Ismail Hakki Bilen (Marat), Veysi Sarisozen (Zaro), Aydin Meric (Hasanerdal), Alp Otman (Kaya), Yasar Nabi Yagci (Kutlu), Aydan Bulutgil (Sapanci), Mustafa Demir (Yelkenci), Feridun Aksin (Sahin), Kemal Kervan (Kervan), Ali Durak, Mehmet Karacca (Dilda), Aybars Benturk, Metin Gur (Selim), Ulvi Oguz (Sarica), Birol Basoren (Diligil), Guray Tekinoz (Yigit), Cagatay Gurer (Kaynak), Cemal Kiral (Yildirim), Seref Yildiz (Akin), Metin Ozturkoglu, Senol Yildiz (Cazgir), Olmez, Erdal Talu (Kocak), Sitki Coskun (Donul), Dincer Taylan (Aktuna), Ahmet Saydam, Haluk Yurtsever (Demir), Nihat Akseymen (Yorukoglu), Isa.

Security officials indicated that of the central committee members, Ahmet Saydam had died and Haluk Yurtsever and Nihat Akseymen had been expelled from the party as a result of a disagreement.

Headed by Three Men

It was learned that the TKP was headed by a politburo made up of three members selected by the central committee.

According to evidence obtained by intelligence officers, the politburo, which serves as the TKP's council of ministers, is comprised of Ismail Hakki Bilen, secretary general; Veysi Sarisozen, secretary for agitation and propaganda; Aydin Meric, secretary for organization. It was determined that Alp Otman was later appointed as deputy to Aydin Meric.

External Organization

The TKP's regional officials in Holland-Belgium, Sweden, France, Czechoslovakia, West Germany and East Germany were also revealed. These were part of the TKP's large-scale organization intended to establish the regime which they desired.

It was revealed that Western Europe TKP official Mustafa Demir was the regional secretary for Holland, Belgium and Sweden; Feridun Aksin for France; Kemal Kervan for Czechoslovakia; Metin Gur for West Germany; and Ali Soylemezoglu for Hamburg, Duisburg, the Ruhr basin, Frankfurt and Dusseldorf.

Domestic (Turkey) Organization

It was indicated that Yasar Nabi Yagci and Aydan Bulutgil held overall responsibility for the TKP in Turkey. The TKP divided Turkey up into regions. The regional officials and their areas of responsibility are as follows:

Yasar Nabi Yagci (Trakya-Istanbul), Ulvi Oguz, Birol Basoren (Marmara region), Guray Tekinoz, Cagatay Gurel (Central Anatolia), Cemal Kiral (Aegean region), Seref Yildiz (Kurdistan), Metin Ozturkoglu (Cukurova), TKP member codenamed Olmez, real name unknown (Eastern Black Sea).

It was learned that among the top level officials in Turkey, Aysan Bulutgil was responsible for technical matters and relations with the military, youth, occupational organization and the organization of unions and women.

Two Thousand Persons

It was reported that over 2,000 persons were apprehended in the operation titled "Red Lantern" carried out tirelessly for months by the security forces with the aim of smashing the TKP.

Among those apprehended were central committee members Ulvi Oguz, Birol Basoren, Cagatay Gurel, Birol Diligil, Mehmet Aydin Bulutgil, Yusuf Isik and Nizamettin Gunes.

'MILLIYET' Report

Istanbul MILLIYET in Turkish 30 Jul 81 p 12

[Excerpt] [Passage omitted dealing with the handing-down of death sentences to three leftist terrorists in Izmir] MILLIYET News Center--Following a swift operation carried out across Turkey, teams belonging to the 1st Branch of the Ankara Security Directorate captured nearly 1,500 members of the Turkish Communist Party [TKP], among which were central committee and politburo members. Extensive information pertaining to the party's manner of operating, system of organization and membership was obtained through interrogation of the captured members. A large number of party members are being sought, including former deputies, union members and educators.

The apprehended TKP members include educators, doctors, journalists and union members.

Interrogation of the apprehended party members revealed that the TKP members were trained in the party school in Moscow. [Passage omitted dealing with Istanbul arrests of 18 rightwing terrorists and Mersin arrests of 35 Revolutionary Road members.]

'CUMHURİYET' Report

Istanbul CUMHURİYET in Turkish 31 Jul 81 pp 1, 7

[Text] Ankara (UBA)--Following operations carried out in Istanbul, Ankara, Izmir, Adana, Mersin, Sivas, Bursa and Balikesir provinces, 1,400 persons belonging to the illegal Turkish Communist Party [TKP] were apprehended. Following interrogation by security forces, it was stated that party members had received training in Berlin and that TKP members had gone to East Berlin by air and by road. According to information obtained by security forces from the TKP members whom they had

apprehended, it is thought that the TKP has between 4,000-4,500 members. The TKP members are being questioned for violations of articles 141-142 of Turkish Republic Law. Meanwhile, it is reported that 15-20 TKP members will be tried on charges of transporting information belonging to the state abroad and spying.

According to information obtained by the UBA [expansion unknown] correspondent, the TKP is headed by a committee comprised of Ismail Bilen, Aydin Meric and Veysi Sarisozen [correct spelling of this name is probably 'Sarisozen']. However, it is indicated that the party also has a 37 member politburo. It is indicated that some of the leaders serving on the TKP central committee and provincial committees have been apprehended and arrested.

'TERCUMAN' Report

Istanbul TERCUMAN in Turkish 7 Aug 81 pp 1, 14

[Text] Istanbul--The Turkish Communist Party [TKP] has been smashed in a big nationwide operation carried out by security forces from 12 September on; an operation which resulted in the capture of approximately 1,500 party members. This is the first time since the great TKP operation which went down in history as the "1951 Arrests" that the TKP has suffered such a setback. It has also been revealed that the TKP was used by the Soviet Union as a "fifth column" for spying and destructive activities in Turkey. Security forces smashed the Istanbul and Marmara regional organizations of the party, the headquarters of which is in East Berlin. A large number of TKP members, including Nizamettin Gunes, the brother of the former interior minister Hasan Gehmi Gunes, were detained. It was indicated that while Nizamettin Gunes was the mayor of Sakarya, he organized the Turkish Communist Party and was the secretary of the Sakarya provincial committee. The names of nine former deputies appeared in a dossier of TKP members found in his home. The publishing facility where "Atilim," the press organ of the central committee was printed was also located and a lightning raid carried out. For the first time, in this eighth and largest TKP operation in the Republic's history, the members of the central committee and politburo were identified by name. The majority of central committee members, including the secretary general of the DISK [Confederation of Revolutionary Trade Unions]-affiliated Maden-Is [Turkish Mine, Metal, Metal Works and Machine Industry Workers Union], Mehmet Karacan, were not seized as they had fled the country.

'Atilim' Magazine Was Being Published in Turkey

During the large 4-month-long operation carried out across Turkey, it was learned that the illegal magazine "Atilim," the press organ of the party's central committee, was printed in a farmhouse near Tekirdag. The "Atilim" magazines coming from East Berlin were duplicated with a printing press set up here and expertly camouflaged and then sent out to party members and certain given addresses. Security forces, who raided the operational printing facility, intensified their raids. As a result of information obtained, the TKP members, including persons who had infiltrated state offices, began to be captured one by one. Meanwhile, it was learned that the deputies to TKP secretary general Ismail Bilen—who heads the party and directs the central committee—were Veysi Sarisozen, the former chairman-general of the FKF (Federation of Thinkers Clubs), who fled from Turkey to East Berlin during

the 12 March period and Aydin Meric, who was press advisor for DISK during the years 1976-1978. It was determined that the TKP gave 20 million lira in cash to Bakiye Beria, who put himself forward as an independent candidate for the position of senator from Istanbul, in the latest elections and that this money was spent throughout the duration of the campaign.

Spying for the Eastern Bloc

It is understood that the TKP militants in Turkey worked as a "fifth column" in the political, military, economic and industrial fields. Very interesting data concerning Turkey were transmitted by means of microfilm to the Czechm Bulgarian, East German and above all the Soviet secret services. An example of this was found in the house of a party member. The headings for the taped and microfilmed information collected on the subject of lightbulb production in Turkey are as follows:

"How are lightbulbs manufactured in Turkey; what is their cost; what percentage of raw materials and what percentage of foreign raw materials are used in their manufacture; how are they exported?"

The Mysterious Yurukoglu's Real Name Was Nihat Akseymen

From the investigation it was learned that the real name of Rauf Yurukoglu was Nihat Akseymen. The latter, with the book titled: "Turkey, Imperialism's Weak Link," had caused confusion in the TKP and brought about division of the party into two major factions under the names of the England Branch (The Voice of the Worker), which he headed, and the German Branch (Forward Thrust), headed by Secretary General Ismail Bilen. Coming into conflict with Ismail Bilen because of the book which he wrote, expelled from the central committee, Nihat Akseymen used the codename "R. Yurukoglu." He wrote books and articles in "The Voice of the Worker" under this name. Akseymen was known within the central committee under the codename "Veli Dursun." The group led by Akseymen, who lives in London, has currently lost its influence in the TKP. Akseymen's group, which collaborated with the English Neo-Communist Party 3 yeras ago, is known as the spokesman for a new Marxist-Leninist school called Neo-Bolshevism.

Past TKP Operations

In 1919, the Turkish Communist Party was established by Mustafa Suphi, a former Mason who fled to Russia while a newspaperman and member of the Liberal Union, the political opponent of the Committee of Union and Progress and became a Bolshevik during the Russian Revolution. Following the setting-up of the Republic, it was headed by Sefik Husnu Degmer, a doctor of Jewish origin. Although broken up by the arrests of 1925 and 1927, the TKP continued to organize. TKP leaders, bringing about the creation of various "Democratic" cover organizations, as occurred prior to 12 September, were arrested in 1932, 1934 and 1938. The current general secretary, Ismail Bilen, fled before being arrested and spent many years in Russia. The party suffered its greatest setbacks first in 1947, and later with the "1951 Arrests," and showed no further signs of life until 1974, when Ismail Bilen became secretary general. The 1981 operation is described as the largest TKP operation in the history of the Republic.

CSO: 4654/127

BACKGROUND, RECORD OF ARMENIAN TERRORIST ACTIONS

Zurich NEUE ZUERCHER ZEITUNG in German 25 Jul 81 pp 21-22

[Article by "jk.": "Unilateral Escalation of Violence--18 Attacks by Armenian Underground Organizations So Far"]

[Text] In the past 5 years Armenian underground organizations have perpetrated a total of 18 terrorist attacks in Switzerland and against Swiss consulates and offices of the Tourist Center and Swissair abroad. Following the attacks, the perpetrators made themselves known in each instance--through the aims they pursued and various ways in which they identified themselves. They called themselves "The New Armenian Resistance," on a number of occasions "Armenian Secret Army for the Liberation of Armenia" and lately--in blackmail against the Swiss authorities involving bombing attacks to free prisoners--"Organization 3 October" and "Organization 9 June." The publicity-seeking communiques originate almost always in Beirut, and not only the methods of Armenian terrorism but the ideas and vocabulary of its spokesmen lead one to the conclusion that there exist more than merely local contacts with one of the main centers of international terrorism.

Concentration on Switzerland Without Regard to Casualties

The history of the Armenian attacks since 1976 is revealing. At first only installations of the Turkish state were attacked. Then Turkish representatives abroad also became the target of the attackers. The total of the attacks is estimated at 100 worldwide. Initially serving "only" as the stage of Armenian terrorism, Switzerland soon also became itself the target of the underground organizations. Here too in the beginning it was primarily a case of property damage, with mainly warnings and threats in mind but wounded and dead willnilly having to be involved. The series of the most recent attacks, however--on Sunday in Bern, on Monday at Zurich-Kloten, on Tuesday in Lausanne and on Wednesday in Geneva--are marked by outrageous brutality. The perpetrators were bound to know beforehand that they would hit only innocent people--the ex post facto regrets of the Armenian underground organization notwithstanding. The leap in the quite unilateral escalation of violence becomes evident if one draws a comparison with the attack of 4 February 1981. At that time the Swiss Consulate in Los Angeles was warned in an anonymous telephone call "We do not want the bomb to explode, but our friend imprisoned in Geneva must be released."

Whether and to what extent the fact, well known throughout the world, that Switzerland so far has been confronting the open use of violence as a decidedly peaceful

country has contributed to the Armenian terrorists' greater speed and more ruthless methods is an open question which perhaps can be answered by a belated ex post facto analysis.

Armenians in Switzerland Dissociate Themselves

There are 2,000 to 3,000 Armenians living in Switzerland. They are second- and third-generation Armenians who are now Swiss citizens, but also citizens of other European countries and of the United States. To this day, in many instances Armenians hold Greek passports. The Armenian people originally were either killed or driven from their country, in spring 1894, in the massacre of Sassun and, from September to December 1895, in Constantinople (today's Istanbul) and another 10 provinces of the Ottoman Empire with large Armenian populations. Attempts to found a state of their own failed. Contrary to the original agreement in the Treaty of Sevres, the Turkish part of Armenia remained in Turkish hands, and the national "Armenian Republic" founded in Russia's Armenia on 28 May 1918 was converted by the Bolsheviks into the Armenian Socialist Soviet Republic on 29 November 1920. Armenians who had not perished in the massacres and during the war fled to Lebanon and, above all, to Greece. Their onward journey was made possible for them by the Nansen Passport.

The Armenians are one of the oldest Christian peoples. Their King Tiridates III, who introduced Christianity, became a Christian in 301. They are considered industrious, intelligent, definitely clever and extremely capable in business. It is amazing that despite being dominated by other peoples--ranging from the Medes to the Romans and Arabs to the Russians and Turks--they managed to preserve a unity of language, culture and religion and that to this day, even though the idea of a state of their own has to be dismissed as an illusion, they regard themselves as a united people which is keeping alive the memory of the tens of thousands of victims of 1894 and 1895 and the estimated 1.4 million dead in the 1915 genocide.

The Armenians in Switzerland dissociate themselves from the terrorists' attacks. They do not take an open stand against them, however, but--doubtless out of fear of retaliation--limit themselves to communiques anonymously passed to press agencies. Their fear is justified. An American woman of Armenian extraction arrested in Geneva on 3 October 1980 was given a suspended sentence of 18 months' imprisonment and expulsion from the country for 15 years by the Geneva Penal Court on 12 January 1981 because, according to the indictment, she had forced an Armenian living in Geneva to contribute 10,000 francs to the Secret Armenian Underground Army for the Liberation of Armenia. The terrorists evidently are prepared to proceed rigorously against their own people. And they use every means to force the release of imprisoned terrorists and at the same time take revenge against Switzerland and especially its police--described as an "imperialist gang"--for having managed to trace some of the perpetrators.

Swiss Actions Supporting the Armenians

In 1895, shortly after the massacres of Sassun and the Turkish "punitive actions" against the Armenians, the Executive Federal Council was requested in a petition signed by 430,000 persons to cause the governments of the big European powers to intervene "to put an end to the slaughter in the East. In 1896 an Association of

Swiss Friends of Armenians was founded which built homes for Armenians in Greece and Lebanon, financing them and directing them with their own personnel. As recently as in 1979 about 1.9 million francs' worth of voluntary donations for Armenians were made. What is true of the Association of Swiss Friends of Armenians is probably equally true of all the Swiss people: they have not only extended sympathy and verbal support for the sufferings of the Armenian people but have also rendered concrete assistance--which, however does not count compared with the terrorists' need for publicity and desire for revenge.

[The following list of Armenian attacks since 1976 is included in the article:]

- 28 May 1976: Devastation in the Turkish Consulate and a Turkish Bank in Zurich as a result of a bomb attack.
- 6 December 1978: Explosion of a bomb package in the Turkish Consulate in Geneva; extensive property damage.
- 22 August 1979: Detonation of an explosive in the Turkish Consulate in Geneva; two Swiss injured.
- 6 February 1980: Fire directed at the car of the Turkish ambassador in Bern wounds him.
- 18 February 1980: Explosion in the Swissair offices in Rome.
- 3 October 1980: Explosion of a homemade bomb in a hotel room in Geneva. A young Armenian woman involved is sent back to the United States in January 1981; a seriously wounded man, likewise an Armenian, is deported, after sentencing, to Beirut in February 1981.
- 8-9 October 1980: A bomb damages the Swiss Embassy and the Swiss Tourist Office in Beirut.
- 12 October 1980: Bomb explosion at the Swiss Tourist Office and Swissair in Paris; no great damage.
- 13 October 1980: Attack against the same targets in London as those in Paris.
- 10 November 1980: Attack against the same targets, this time in Rome.
- 27 January 1981: Attacks against the Swiss Tourist Office and Swissair in Rome.
- 4 February 1981: Thanks to an anonymous telephone call a bomb is discovered in time at the Swiss Consulate in Los Angeles.
- 9 June 1981: An employee of the Turkish Consulate is killed by a Lebanese of Armenian extraction in Geneva. The perpetrator is arrested and since then has been under detention pending trial.
- 28 June 1981: Attack by the "Organization 9 October" against Swissair in Tehran.

- 19 July 1981: Explosion of a bomb at the Bundeshaus in Bern; minor property damage.
- 20 July 1981: Bomb attack in the hall of Zurich-Kloten Airport; great property damage, five persons injured slightly.
- 21 July 1981: Bomb explosion at Uniprix department store in Lausanne; 25 persons injured.
- 22 July 1981: Two explosions at the Cornavin Railway Station in Geneva; five persons seriously injured.

8790

CSO: 3103/409

CLAES ON COAL POLICY, NECESSITY OF SUBSIDIES

Brussels LE SOIR in French 12 Aug 81 pp 1, 2

[Article by Guy Duplat]

[Text] For months the steel crisis has been dominating the news to the point of thoroughly eclipsing the problems of our collieries, which are at least as serious. The billions which continue to be invested in our mines are enough to make one dizzy. The prime minister, Mr Eyskens himself, just recently exclaimed that "the coal mines are costing as much as the steel-works, but they will not be viable or show a profit before the year 2000."

A note from Mr Claes, the minister of economic affairs, to the ministerial committee on economic and social coordination (CMCES) on 24 May makes this point.

What remains of our glorious coal-mines" The Walloon country, which produced 19 million tons of coal per year in 1950 has seen one after another of its mines shut down. Today all that remains in the southern part of the country is the small Roton mine which produces only 0.35 million tons of coal per year. And this last vestige of that glorious past is seeing its last days. According to Mr Claes, continued exploitation after 31 October 1983 would have no technological justification, and in terms of economic viability 31 October 1982 is the outside limit. In a little more than a year, the Walloon coal mines will therefore be a thing of the past!

In Campine, on the other hand--lucky Flanders!--coal exploitation should continue for quite a long time. Mining production there is 6 million tons per year, but proven and economically exploitable reserves are in excess of 600 million tons. While there may not be any physical problems in Campine for another 100 years, one must still question whether the pursuit of this mining activity is profitable.

For 30 years now, the state has in effect showered our coal-mines with billions: precisely 189 billion as of 1980.

This generous manna provided since 1950 has been divided equally between Flanders and Walloon, but that balance will not be maintained in the years to come, because of the death of the Walloon coal-mines.

In reality, Walloon, up to 1975, received more appropriations for its coal-mines than did Flanders.

The winds have very clearly changed. In 1980, the mines of Limbourg received close to 11 billion in subsidies, compared to only 1.1 billion for the last remaining Walloon mine.

These state funds, of course, must cover operating losses. To produce a ton of coal costs 3,700 Belgian francs, but it can only be sold for 1,900. The 1,800 in loss is underwritten by the state. And these losses are only likely to increase in the years to come!

Mr Claes's note even speaks of the possible loss of 2,500 Belgian francs per ton by 1985 and of 4,300 by 1990! Belgium's subsidization of its coal-mines exceeds the majority of its neighbors in scope.

In fact, Great Britain ("officially") scarcely supports its mines at all (100 Belgian francs per ton), while Germany provides close to 500 per ton, and France gives out 1,000 per ton. For those who yearn for the "good old days," we recall that in 1963 we only had to provide 200 million current [Belgian] francs in subsidies, or 10 current francs per ton!

Miners Are Finding Other Jobs

The explanation of the skyrocketing subsidies is of course the stagnation in the price of coal in recent years, which has not matched the increases in wages. In the last year, the world price of coal has climbed very strongly, but it seems out of the question for this to result in a boon for the Belgian coal-mines in the short-term.

Worker productivity has not been such as to improve the competitiveness of our mines. Yield has been stagnating for 15 years. In 1955 one Campine miner produced 3.17 tons per day, today it is less than 3 tons per day. The very configuration of the coal veins makes it impossible to hope for the high mining yields of Lorraine (4.4 tons per miner per day) or the German mines (4.1 tons of coal per miner per day). Not to mention, of course, the fantastic yields of the open-air mines in North and South America!

These poor yields are also in part the result of major social problems. There is considerable turnover in mining personnel. Out of 18,000 people working in the mines of Campine, close to 2,500 workers quit the mine each year; 55 percent of the miners of Campine are less than 30 years old. The problem stands out even more clearly when one notes that in 1970 only 7 percent of the workers had been on the job for less than 3 years. Today the percentage is 55. In large part this reflects the manpower situation, especially foreign workers who are very poorly qualified (50 percent of all miners are foreigners).

Mr Claes suggests a policy of personnel recruitment and training which could ameliorate that situation.

In Roton, the social problem is different. The workers are much older than in Campine, and will have to be retrained. Considering the many people close to

retirement (half the personnel), it will be necessary to "retread" close to 1,000 miners in Walloon when Roton closes. A problem which is not new if one recalls that there were still 46,500 miners in Walloon in 1965 and that therefore 45,000 people have already had to be "retreaded" over the last 15 years. But the current economic crisis will pose major reconversion problems for our last Walloon miners.

Coal in the Future

But mines are not the full story. Other sources of Belgian coal already exist or may emerge very soon!

--We note first of all several small deposits of coal that are suitable for open-air exploitation. The skyrocketing price of energy has made those operations profitable. At Jumet, for example, one should be able to get close to 0.2 million tons of coal in 2 years. Other operations are under study in Hainaut.

--There is also exploitation of the enormous quantities of coal left in "the golden age" in the spoil heaps. Presently we are getting 1.5 million tons of it per year, although one must admit that yields are rather mediocre. The recovery of coal from spoil heaps will be profitable when combustion of coal on a fluidized bed becomes operational.

--Above all, there will be subterranean coal gasification. Theoretically, it would make it possible to exploit--without searching for them--the enormous coal reserves that are hidden at great depths (more than 1,000 m) or in low-density deposits: these reserves are estimated at more than 20 billion tons! Which, in theory, would supply us energy for hundreds of years. Prospecting and research continues, but substantial gas production with this method is not expected to occur in the next few years.

So, shall we walk off from the last coal-mines? "No," says Mr Claes, with the support of the unions. And for at least four reasons. Energy sources are a strategic substance. Wherever possible we must provide for our own energy supplies. Also, the impact on our balance of payments of a cessation in coal production would be 14 billion Belgian francs. Social problems would also be dramatic. It would be necessary to retrain 20,000 unskilled workers.

Finally, the coal industry sustains other connected activities, and our "know-how" in coal could find numerous other outlets abroad (in exchange for long-term contracts coal importation). But Mr Claes notes that little has been done so far to exploit our mining know-how abroad.

In conclusion, Mr Claes, who will doubtless win Parliament's support on this point at the upcoming debates, proposes to continue production at the Campine mines. To compensate for the decline in domestic coal consumption and the limited demand for coke from the coal-mines, Mr Claes suggests continuing on with coal-fired electric generating plants. by installing before 1990 a new 600 mW coal-fired plant in Limbourg, Our black gold still has a future!

OIL PRICE HIKES TO OUTPACE CONSERVATION SAVINGS

Duesseldorf HANDELSBLATT in German 21 Jul 81 p 4

[Article: "Oil Prices Impair Prosperity"]

[Text] Even if there are additional successes in energy conservation we cannot count on a reduction in oil import values, especially since energy prices in the future could well increase in a disproportionate manner. Relief for the FRG's balance of payments must thus be sought mainly through higher net exports. The Bundesbank reaches this conclusion in an analysis of the FRG's foreign trade energy balance sheet.

According to the Bundesbank up to 70 percent of the DM48-billion decline in our performance balance sheet, from a DM18 1/2-billion surplus in 1978 to a DM30-billion deficit in 1980, can be attributed to the higher energy bill. While it was possible to cope with the first oil crisis in 1973-1974, the consequences of the second round, increases from \$13.5 per barrel at the end of 1978 to today's approximately \$35 per barrel, have proven to be more lasting. This all the more when, after 1973-1974, a steady upward valuation of the mark compensated in part for the increased cost of oil, but after the second oil crisis a devaluation effect of the mark intensified the general price increases. From September 1980 to May 1981 the price of crude oil rose by 34 percent, the exchange rate for the dollar by almost 30 percent, so that starting in fall 1980 the increased cost of oil has to be almost exclusively attributed to the devaluation of the mark. The price of oil prepaid to the German border rose from about DM75 per barrel in 1973-1974 to DM625 in May 1981.

Thus, in 1980 the FRG had to pay DM64.6 billion for its net energy imports, that is, more than twice as much as in 1978 (DM31 billion) and eight times as much as in 1972 (DM8 billion). Including an oil import surplus vis-a-vis the GDR, the energy balance deficit is even DM0.7 billion higher. If, according to the Bundesbank estimates, because of the strong dollar, but also because of the rise in oil prices at the end of 1980, the energy bill continues to rise to about DM75 billion, then about 20 percent of German exports will be required to pay for the net energy imports; in contrast, in 1978 the FRG had to put aside only about one-tenth (11 percent) and in 1972 only 6 percent of its exports for the energy bill. Measured against the GNP, outlays for the net energy imports rose from 1 percent in 1972 to probably 5 percent this year.

In this connection the FRG plainly states that the increase in energy costs represents a substantial loss in prosperity for the German economy, especially since

if there is zero growth in the real GNP as in 1981 this will amount to a decrease in the distribution volume of goods. Even if the GNP starts to increase in the next few years, there will be less room for additional real consumption by private and public economies than without the renewed increase in energy costs because higher net exports and intensified investments for adjustment will be necessary.

In spite of commendable effects of conservation, the FRG with 1,950 kg consumption of petroleum per person per year--apart from the United States and the climatically disadvantaged Scandinavian countries--is one of the leaders among industrial nations, specifically ahead of France (1,890 kg), Italy (1,610 kg), Great Britain (1,310 kg) and Japan (1,860 kg).

12124

CSO: 3103/392

BONN PREPARES RATIONING PLANS FOR ALL ENERGY SOURCES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 30 Jul 81 p 2

[Text] In the event of crises in the energy supply the Federal Government is making preparations to ration not only heating oil and fuel, but also electricity and gas. There are discussions between the Federal Government and the Laender about drafts of decrees on allocating oil and gasoline. Appropriate plans for guaranteeing the gas and electricity supply have now been completed by the Ministry for Economics and have been passed on to the Land governments. This decree to guarantee the electricity supply and the decree to guarantee the gas supply, as a part of the laws to guarantee energy, are to be passed in the Cabinet in September and then be taken up in the Bundesrat. In the meantime, there has also been an investigation as to whether in addition the use of electric energy should be controlled. In particular the SPD had demanded this in the discussion in the coalition about measures to save energy. In this regard Minister for Economics Lambsdorff says he will "not pursue" such control "any further."

The goal of the decrees is to meet the vital needs for electricity and gas if petroleum and natural gas imports should be threatened or disrupted. This precaution is intended not only for a national energy crisis. The decrees are also to be applied in the event the German energy supply should be restricted because of the international commitments which the FRG has entered into in the crisis program of the energy agency in Paris. In the event of national or international disruptions in the energy supply the first move, on the basis of the decrees, is to an "official fuel management" effort to cope with bottle necks. Only if supply gaps could not be closed by such coordination can management of electricity and gas be ordered.

Regulation and rationing are to proceed according to specific priorities. Households will be the first to be affected. However, electric and gas are not to be shut off for any supply sector for longer than 4 hours at a time. The responsible authorities will be empowered by the decrees to implement all measures which make it possible for the supply companies to guarantee the essential demand for electricity and gas. Power generating plants beyond the public electric works are to be committed to provide exact data about the extent to which they can contribute to the general supply. The gas guarantee decree provides for regulating gas yield and gas consumption within geological and technical capabilities. Accordingly, it will be possible to direct supply companies to increase their gas production, to feed specific amounts from gas supplies and to keep on delivering gas in regions or to consumers who must be served on a preferential basis.

AEG LOSSES RESULT IN MERGER WITH BOSCH

Paris LE MONDE in French 7 Aug 81 p 20

[Text] August is not a vacation month for the electronics industry. Negotiations on all sides continue and intensify. Alliances are formed and dissolved.

For example, the Thomson group confirms that it is renegotiating its agreement with Continental Telephone (LE MONDE of 1 August) while the French Government has just given itself two additional months to study the electronic mass media (radio, television) question. Over these 8 weeks it should be possible to make a correct decision about the accord between the Japanese firm JVC, the British Thorn-EMI, the German AEG-Telefunken, and Thomson, and also to determine whether there are not other solutions.

AEG Telefunken, Germany's second largest electrical and electronics firm, is in poor health. Losses pile on losses. DM 1 billion in 1979; 278 million in 1981... and 1981 may well set a new record. Already, in 1979, German banks had saved the firm at the last possible moment with a DM 1 billion loan. Most of its divisions are showing deficits. The firm is thus trying to divest itself of some of its activities. Apparently, there is no rush of takers, and only particular activities appear likely to attract capital or outside partners.

This is the case with telecommunications, where AEG has a strong position (25 percent of the German market), including its 41 percent ownership of Telefonbau und Normalzeit, and its long-distance and cable technologies. Two branches of activity which employ 6,000 people, and produce a turnover of DM 700 million, and of course, profits.

Bosch, the 20th largest German firm, with a turnover of DM 12 billion, particularly specializes in electronic equipment for automobiles and in components. Now the company would like to diversify, especially in telecommunications. Thus, negotiations have been launched between Bosch and AEG. The agreement being discussed would envisage the creation of a joint subsidiary. AEG would contribute its expertise in communications, and Bosch the cold cash.

9516

CSO: 3100/898

ECONOMIC INSTITUTE VIEWS BUNDESBANK PROFIT

Munich SUEDEDEUTSCHE ZEITUNG in German 18/19 Jul 81 p 34

[Text] Hamburg—The billions of DM that the German Bundesbank is expected to make as a profit this year has moved into the center of financial policy discussions. From the standpoint of the Federal Government, which must reduce the national debt and keep expenditures within limits, it is often assumed that it must collect maximum surplus profits from the central bank for this purpose. Critics are fearful that this could kill incentives for saving.

The HAWA Economic Research Institute of Hamburg sees no reason for "getting upset" over the profit being made by the Bundesbank. In the most recent issue of its "Economic Service" the institute writes that it is incorrect to assume that the government is going to demand income from bank loan earnings that does not correspond to its actual earning power. In any case, the extraction of profits cannot be equated with "inflationary policy."

Most of the income is to be regarded as "transitional and dictated by circumstances." The DM 3 million of "normal" yearly earnings, which in the opinion of experts is to be regarded as the amount of revenue collected by the Federal Government, is "but small comfort" in view of the "inordinately large" consolidation needs of the state. The taking of profits will not even heat up inflation, says the institute, if the bank is careful to see that growth in the amount of money does not exceed the production capabilities of the national economy.

Will the Incentive for Saving Be Weakened?

"Hands off the Bundesbank Profits!" warns the Savers Protection Society, and the Bundesverband Deutscher Banken [Association of West German Banks] has fears that these billion-DM dividends of the Bundesbank could vitiate saving incentives on the part of politicians. With the need felt to cut the 1982 budget by about DM 15 billion, the influx of about DM 10 billion from Bundesbank earnings in 1981 could considerably undercut the need for budget reform in the German parliament. Hans Matthoefer, West German finance minister, allegedly stated that Bundesbank earnings were expected to be of this magnitude. He has since denied this.

In 1980 the Bundesbank achieved a profit for the year of DM 8.8 billion, sharply reduced by losses of DM 5.8 billion due to revaluation of the monetary reserve. After such reverses had been mobilized, the government as a stockholder realized a record-breaking revenue of just DM 2.3 billion. The sources of Bundesbank earnings are to be found in the profit obtained between the minimum reserves that are to be kept interest-free by the banks at the Bundesbank and the loans floated to the banks at the rate of 7.5 percent for the discounting of bills and 12 percent for the hypothecation of securities.

Foreign trading has been even more profitable thus far, especially the investment of dollar reserves in high-interest U.S. Government bonds. The record-breaking earnings occur here. The Bundesbank can also, for the time being, sell the U.S. dollar at a much higher price to support the mark than it could previously purchase marks to support the dollar.

The utilization of profits by the Bundesbank is regulated by law: 20 percent goes into legal reserve (until this reaches 5 percent of loans in circulation), after which 10 percent is put into other reserves and, finally, equalization claims from the currency reform must be purchased. "The balance is to be paid to the federal government." This balance will certainly amount to several billion in 1981, the ultimate limit of this being determined by the amount of further growth in interest. Opponents of a higher withdrawal of revenues from the Bundesbank are now demanding a higher retention of profits, either for expansion of capital or for reserves to meet unforeseeable developments, or by a change in the Bundesbank rules that would require greater allocation to reserves.

8664

CSO: 3103/390

ENERGY, ECONOMIC, WEATHER PROBLEMS PLAGUE BOAT INDUSTRY

Frankfurt FRANKFURTER ALLGEMEINE in German 28 Jul 81 p 10

[Text] Hamburg, 27 July—After three summers of overly rainy weather the German boat manufacturers were hoping for a better season this year. A bit more sun, according to some optimists, could give a new impulse to the highly reduced demand for boats. Even if the weather is no unimportant factor in the present plight of the industry, there are other reasons for the stagnant sales in the market for recreational boats that has lasted for something over a year. The boat market, which is highly sensitive to competition and has enjoyed a boom in the general water sports industry for 8 years, has been affected by the feebler economic growth resulting from the increased cost of energy.

Boat purchasers are also getting tighter with their money and are limiting expenditures for their hobby. There are also some factors peculiar to this industry that inhibit the purchase of new boats, especially the larger sailboats and motor yachts. Another factor is the growing shortage of berth for boats, especially on inland waters; there is also a proliferation of tighter rules for the licensing of boats, occasioned both by environmental considerations and sluggish sales in the used boat market. The increase in oil prices has a particular effect on motor boats, since this, together with the abolishment of tax breaks on motor fuel purchased by recreational boat owners, has begun to create hardships for this sector of the market in the past year.

But it is not just the slow demand that causes difficulty for the German boatyards. They have been battling for years against a strong foreign competition that has taken over about 60 percent of the market by offering lower boat prices than that of the domestic manufacturers, to the great advantage, of course, of the boat purchaser. This situation has developed as a consequence of the mass production of boats, made possible for the first time by the use of plastics to replace the traditional and more expensive wood used to make the hull of the boat. When this cheaper mass production of boats was begun overseas and in other European countries about 15 years ago, German boat manufacturers did not yet foresee what high levels this new development would reach.

Recreational boating, previously the exclusive hobby of well-to-do individualists, for whom the boat was a status symbol, became the sport of common people as a result of mass production. But manufacturers in Scandinavia, the Netherlands, England and the United States were aware of this development and took full advantage

of the opportunity offered by a steadily increasing market. At the moment, the mass-produced boats have already captured about two thirds of the market. The new price-conscious class of purchasers were suddenly uninterested in wood as material for boats or in the expensive German workmanship that goes with it. Thus many small family businesses lost their top standing on the market to these foreign mass producers of boats. The handful of German manufacturers who later got on to the new bandwagon or started up as new companies were at a disadvantage in coping with the foreign competition, which was already firmly established by then.

German boatbuilding, operating on the basis of single-unit production, with its total labor force of about 2,000 employees had no desire nor ability to join this bandwagon, and was later prevented from doing so, since it did not have the money needed to install money-intensive and personnel-intensive mass-production facilities. This was in stark contrast to their foreign competitors, who were at least partly backed by large corporations and therefore by enormous amounts of investment capital. The present structure of the German boat economy sheds some light on the conditions under which this competition operates. A good three-fourths of the approximately 200 German boatbuilders, who in 1980 manufactured boats worth DM 194 million, as compared with boat importers worth DM 22 million, were mostly small family businesses. With their respective labor forces of no more than 5 employees they sought as best they could to "keep their heads above water" with their single-unit manufacturing, repairs and remodeling of boats. The foreign companies played practically no role here, since the small handcrafting businesses were export-oriented to a large extent. The really sharp competition was experienced by the handful of larger mass-producing business that employed as many as 100 people. These, of course, accounted for more than three-fourths of all German boat sales.

Although general interest in recreational boating is as strong as ever, judging by the experiences of the most recent boat fairs, the present growth of the economy and the problems peculiar to this industry do not in the short term speak well for any enduring upswing in the demand. Competition among the manufacturers would make things even more difficult. Nothing is expected to change in the economic structure of the German boat industry. The owners of a large number of small boatmaking establishments will cling to their handcrafting traditions. They see their position reinforced by the fact that despite their specialization in single-unit production of high-priced boats they have with few exceptions maintained their place in the market for more than a decade. And so they have every right to hope that their good fortune will continue in the future, although of course they will not make any huge profits. The same must be expected for internationally recognized manufacturers of racing shells and other specialties.

The large mass producers of boats will have difficulty maintaining their standing. The high cost of labor continues to be a serious handicap, since there are scarcely any more possibilities of rationalization in the boat manufacturing business. The glut on the boat market will also work to the disadvantage of this group so long as they are unable to engage in intensified joint advertising to make the boat customer aware of differences in the quality and safety of their higher-priced boats.

The serious predicament of the larger German boatmakers is illustrated by the fact that foreign manufacturers (such as the making of plastic components, camping caravans and the like) have been brought in in order to ensure a wider scope of

business. Alternatives favored by market conditions are in short demand. Meanwhile, Dehler Yachtbau, the leading manufacturer of sailboats, is the only one to offer his boats with optional equipment, thus seeking to be competitive in price with foreign suppliers. Through additional "trading up," involving the manufacture of larger and more expensive boats, including the mass-produced racing yachts, manufacturers are attempting to open new lines on the market. But the low morale of the industry is already so pervasive that such laudable efforts can draw only an indulgent smile. But without some basically new initiatives, the survival of these industrial boat makers will just be a question of time.

8664

CSO: 3103/390

BRIEFS

INDUSTRY SUBSIDY--Bonn, 28 July--In the course of current discussions in the Federal Government and the coalition with regard to extending aid to the steel industry, consideration is being given to providing the industry with about DM 500 million annually for several years. This money would be used, it is said, for modernization and restructuring, and would very possibly benefit the regions in which the steel industry has plants. The Task Force on Economic Policy of the Bundestag SPS fraction has called upon the Federal Government to support industry-wide rationalization and specialization agreements with fixed-deadline capital allocations, to expand steel research projects and to collaborate making communities and other areas where employment is below average, within the framework of the community project for "improvement of regional economic structure." The federal and land governments will need to stimulate the creation of new jobs through jointly financed investments and subsidies. National relief programs for steel workers based on the European agreement must be improved, regardless of whether the EEC participates in these programs or not. Such funds are to be used for financing the workmen's compensation premiums contributed by the steel companies. [Text] [Frankfurt FRANKFURTER ALLGEMEINE in German 29 Jul 81 p 11] 8664

CSO: 3103/390

FINANCE MINISTRY REPORT PREDICTS SLOWER GROWTH IN 1982

Helsinki UUSI SUOMI in Finnish 22 Jul 81 p 15

[Article: "Finance Ministry Predicts Demand and Production Will Decrease: Slower Growth"]

[Text] The growth rate of demand and total production is declining in Finland at a rate that is faster than expected: the national economy is clearly entering a period of slower growth.

It is predicted that this development will also continue into next year.

This was the evaluation of the most recent economic report by economic section of the Ministry of Finance.

According to the report the inflation rate has remained higher than in competitive countries.

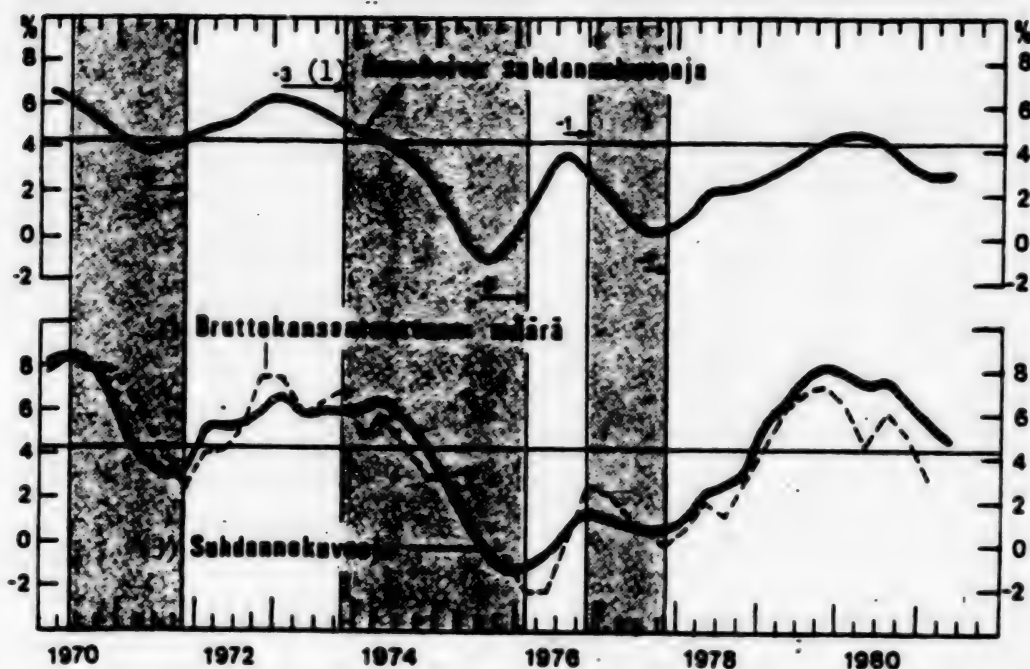
However, the increase in prices will slow down slightly in the near future. It is estimated that the consumer price index will increase approximately 10 percent from December of last year until December of this year while the corresponding increase the year before was 13.7 percent.

Recession to Break This Year

According to the report the most important problem of the near future will be how to simultaneously support employment and restrain inflation. The number of employed has continued to increase, but regular unemployment exclusive of seasonal fluctuations has begun to increase. Slowing down inflation is seen as the most important goal according to the report so that we can keep our international competitive ability at a reasonable level and the effects of the recession can be kept at a minimum. The report predicts that the recession will bottom out during the last quarter of this year.

Exports Declining

Exports to the West have begun to decrease and will not increase again this year. Also the growth in the amount of exports to the East is slowing down.



The recession, which began at the start of the year, became deeper according to the economic indicator (lower graph). The growth rate of the predictive economic indicator no longer slowed down.

Key:

- (1) Predictive economic indicator
- (2) Amount of gross national product
- (3) Economic indicator

In the period from January through June the value of exports was 19 percent greater than in the previous year. Exports of products of the metal industry as well as foodstuffs and textiles developed in a rather satisfactory manner since the beginning of the year. On the other hand, the amount of lumber exports clearly decreased and the growth in exports of products of the paper industry slowed down.

It is not expected that lumber exports will decline too much more for the reason that reserves in the purchasing countries are small. As far as areas are concerned, the amount of exports to EFTA-countries and the EEC has decreased. On the other hand, exports to the Soviet Union and developing countries has increased.

Also growth in domestic demand is slowing down: investments are falling off as large industrial investment projects are completed and as the weak development in real household income, on the other hand, reduces growth in individual consumption.

Production Outlook Fluctuating

In the first third of this year production in the manufacturing industry increased 2.5 percent. However, total industrial production increased only 1.5 percent, since production in electricity, gas, and water decreased noticeably.

In the forest products industry the processing of wood products decreased perceptibly, but the processing of mass- and paper products continued to increase compared to the corresponding period in the previous year. Production in the metal industry increased about 4 percent: however, no growth took place in the basic metals industry. Production also increased favorably in the manufacture of clothing and glass as well as in the graphic arts industry. All in all, there will be considerable differences, primarily caused by export fluctuations, in the production prospects of industry in the near future.

The labor force and the number of employed have grown rather rapidly in the last couple years. From January through May they were more than 2 percent greater than a year ago. The increase in the supply of the labor force is primarily the result of the hidden unemployed seeking out the labor market, but also partly the result of an increase in people returning from Sweden, states the report.

Enterprises predict that the recession will be rather short as far as their expenditures are concerned. This is a result of the fact that the labor force has been transferred to a shorter work week rather than laid off.

Inflation Levelling Off

Inflation has not accelerated this year, states the report. From December of last year until June of this year consumer prices increased at approximately the same rate as at the latter part of last year or 6.5 percent. The most significant delayed price pressures have for the most part already been dispersed and absorbed in consumer prices, and domestic demand pressures seem to be rather insignificant. On the other hand, the increase in the value of the dollar has increased pressure on Finnish markka-based foreign trade prices.

All in all, it is estimated that the consumer price index will increase approximately 10 percent this year. In spite of the deceleration in the increase in prices for the near future, inflation expectations continue to be great and inflation can easily accelerate again, emphasizes the report. In this situation a lightening of the general economic policy line would result in a weakening of competitive ability and as a result the employment picture.

Investments Must Be Supported

In economic policy all possible means should be used to slow down the inflation rate and reduce inflation expectations. At the same time selective means should be used to support employment and investments that will improve a realistic competitiveness.

According to the economic section of the Ministry of Finance the most important goal of the near future is avoid the price and cost spiral, which the cost-of-living index in the income agreement will in itself accelerate. This presupposes moderation on the part of the public sector as well as commerce and industry, states the report.

10576

CSO: 3107/122

EXPERIENCE FROM PAST SHEDS DOUBT ON SUCCESS OF PRICE FREEZE

Stockholm DAGENS NYHETER in Swedish 11 Aug 81 p 17

[Article by Olle Fahlen]

[Text] It is unlikely that last week's Norwegian price freeze will have any lasting effects on inflation.

Experience from the last price freeze is so depressing that it is amazing the government is trying this method again.

It was more like a textbook example of how hard it is to slow the rate of inflation with the help of price and wage freezes.

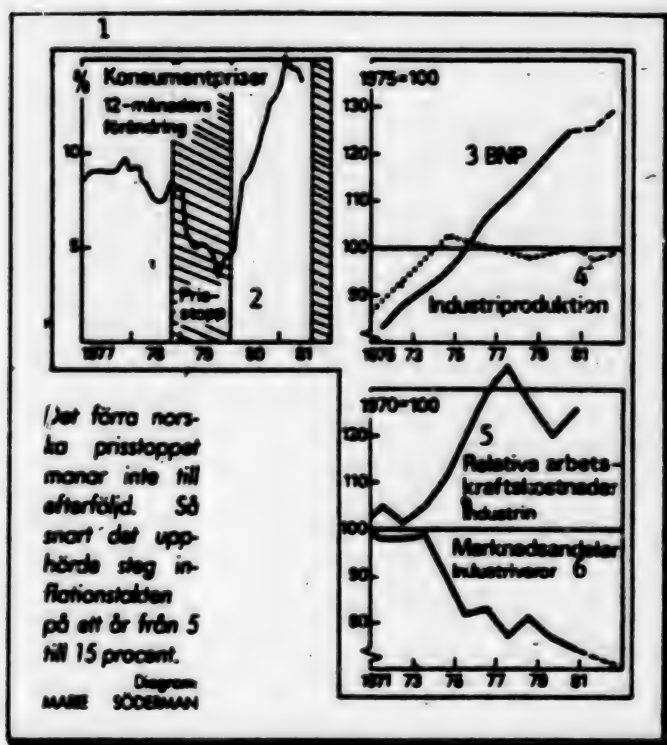
The last Norwegian price freeze was started in September 1978. At that time the inflation rate--measured over 12 months--was around 8 percent, about the same as the OECD average (see diagram). The short-term effect was substantial--when the price freeze was lifted at the end of 1979 the inflation rate was down to 4.7 percent. That was the lowest figure for any industrial nation.

Price Increases

But as soon as the freeze was lifted prices shot up. In the first 3 months they rose as much as 4.3 percent, almost as much as in the entire preceding year. The increases have continued and in the summer the inflation rate was just under 14 percent.

The new price freeze--which will last to the end of the year--will probably bring this figure down. The immediate reason is to forestall indexed upward adjustments of wages. But the risk is that the gains will be only shortlived.

Actually the North Sea oil is responsible for Norwegian inflation being so high. It has led the government to push up domestic demand--within the oil sector but also in the public sector and in private consumption--to create high growth and low unemployment. And the growth of Gross National Product in the period from 1971 to 1980 has varied only between 3.6 and 6.8 percent. Unemployment is only around 1 percent.



The last Norwegian price freeze was not followed up. As soon as it was lifted the inflation rate rose from 5 to 15 percent in 1 year.

Key:

- | | |
|-------------------------------------|--|
| 1. Consumer prices, 12-month change | 5. Relative labor costs in industry |
| 2. Price freeze | 6. Market shares for industrial products |
| 3. Gross National Product | |
| 4. Industrial production | |

Manufacturing

This high demand, especially for labor, drove up prices and costs. That was not so bad for the oil and gas sector but it was destructive to the traditional manufacturing industries.

The volume of industrial production has been at a standstill ever since the mid-1970's (see diagram). At the same time total production in Norway (GNP) has risen 25 percent.

The reason for this stagnation in industry is the sharp increase in costs. Labor costs per unit produced in Norwegian industry rose 35 percent from 1970 to 1977 above the average for Norway's most important trade partners. Since then the gap has decreased somewhat but last year it was still 25 percent higher. And with the inflation this year there is a great risk it will increase again.

This deterioration in competitiveness has led to Norwegian industry losing between 25 and 30 percent of its foreign markets. Those figures are worse than the ones for Swedish exports.

When a new branch of industry is to be expanded traditional branches come in a bind, of course. Norwegian industry cannot retain its share of the economy forever if the oil and gas sector is to grow. Therefore it is natural that industrial production is growing more slowly than GNP.

Cost Increase

This kind of shift can also lead to such a big cost increase for industry that market shares are lost. But in Norway it has been competition from a swollen public sector that has led to these reverses.

This year Norwegian GNP growth is expected to be the lowest in 20 years--the forecasts lie between 0 and 1 percent. But this is not due to any domestic austerity. Investments, especially in the oil sector, are growing rapidly. But so is public consumption which will rise 4-5 percent.

The reason why growth is so low is that stockpiles and exports are declining while imports are rising. But this does not produce a reduction in the rate of inflation.

The present inflation rate may not be a very big problem for Norway as long as the North Sea resources provide big enough revenues to cover the needs of the national budget and the balance of trade. But it is leading to a hastened de-industrialization that in the long run could lead to both trade balance and employment problems.

6578

CSO: 3109/230

MILITARY'S EFFORTS WEIGHED, BROAD PUBLIC INPUT STRESSED

Istanbul TERCUMAN in Turkish 29 Jul 81 pp 1, 14

[Editorial by Nazli Ilicak: "A General Assessment..."]

[Text] Legal arrangements following 12 September have been carried out under strict secrecy. Members of the press have expended great effort to ferret out information on the Universities Law, the Associations Law, the Unions Law, and others. Naturally, it is for this reason that much of the news is flawed and erroneous. But one truly wishes that every issue might be roundly debated, without confronting "faits accomplis." For example, it would be beneficial to use television for this end.

But the principle of secrecy has been endorsed. Ministries are preparing bills. The secretary general of the National Security Council, however, may have other thoughts on this matter and the Ministry Bill may be altered in the Secretariat. Again the issue is taken up by the Security Council. Again certain articles are reviewed. We must remain spectators during all this.

A Consultative Assembly that debates openly will, by sharpening the issues, provide an opportunity for the broad masses to follow events closely and will take an important step on the road to democracy.

We should enumerate the positive points as well as the negative ones. All of us see the positive developments in Turkey and rejoice. In the period from January through June 1981, exports reached 1 billion 630 million dollars. This figure represents a significant 44.5 percent boost relative to the same period a year ago. In bulk terms this represents export growth of around 80 percent. It is estimated that the increase in wholesale prices will remain around 45 percent in 1981. The rate of inflation will thus be halved. (One must not forget that the highest jumps in wholesale prices during just the last 2 months was 2.2 and 6.4 percent). It is also reckoned that this year will be the last for plummets in the gross national product and that there will be a 3 to 4 percent growth rate.

Great strides have been made with respect to terrorism and anarchy. The State has established the sovereignty of the law and criminals have been bound over to independent courts. That many of the accused, including Erbakan and his associates, have been released while their trials continue unhindered is a satisfying development. If there is no legal objection, the extension of this practice to arrested unionists, members of other political parties and journalists will generate an air of relief.

Condition of the Workers

Workers are experiencing certain difficulties. Law Number 2422, which amended the Social Insurance Law, reduced the rate upon which retirement is calculated from 70 to 60 percent. While formerly, age notwithstanding, everyone who worked 25 years and paid in premiums covering a 5-thousand-day period could retire at a 70 percent rate, now this rate has been dropped to 60 percent. Moreover, one point is deducted from this 60 percent rate for men under 55 and women under 50 years of age. In other words, a man who retires at 50 instead of 55 receives 60 percent of his salary. On the other hand, elements have been introduced that encourage late retirement. (The concept has been advanced whereby a point would be added every year to the retirement rate for men over 55 and women over 50; moreover, there is endorsement for adding one point to the 60 percent for every 240 days beyond the 5 thousand days).

Turkey has become a country of very young retirees. From this standpoint we find justified regulations that encourage late retirement. Again, those who desire it and who are content with a lower pension can retire at 50 (women) or 55 (men) or work 25 years and pay in a premium covering 5,000 days. But, besides this, there are certain rights being lost.

*One of these, as we noted above, is the decline in the pension rate from 70 to 60 percent.

*Another is that the years worked by those employed prior to age 18 are not included in the 25 years. (Only the premiums they paid are figured in). Thus, a person who works 25 years and thinks himself eligible for retirement suddenly is obligated to work several more years. (Efforts are underway to rectify this defect).

*While the wage upon which the pension is based used to be the average of the high-3 years during the last 5 years, it has become the average of the last 5 years. The worker thus takes a loss.

*We can list, excluding retirement, the rights lost to the worker: A limit of four bonuses...Present bonuses will be added to salaries but henceforth there will be no more than four bonuses. Furthermore,

--Leaves will be for 30 days.

--If a worker quits of his own volition, he cannot receive severance pay, even if stipulated in the collective bargaining agreement.

--The collective bargaining system shall be suspended.

It is estimated that workers whose collective bargaining agreements expire in 1980 and, especially, in 1981 will be hurt. For agreements that expire in 1979, an 80 percent pay hike was given the first year, a 50 percent hike the second. (This rate corresponds to 170 percent for 2 years). For agreements that expired in 1980, 70 percent was given the first year while 10 percent plus 2,000 lira has been given during the second year (1981).

The "10 percent plus 3,000" formula set for 1981 is very loose. This amount more or less means enough extra to buy "shoes for one or two children." When forging a collective bargaining agreement, it is wrong to figure in an abatement of around 20 percent that goes to taxes. The new tax regulations were intended to relieve the heavy tax burden on wage earners. If this rate is figured into wages, an injustice will once more have been perpetrated against wage earners.

Some union leaders in years past used workers as grist for their political ends. As the result of strikes, more workdays were lost in the first 9 months of 1980 than in all the previous 5 or 6 years. (There were 7 million 708 thousand workdays lost in these 9 months of 1980).

The cumulative problems prior to 12 September forced officials to take steps toward restricting rights in many areas. But as we said at the outset, insufficient debate if the issues due to "the principles of discretion and secrecy" prevents a mitigating of reactions in a way suitable to Turkish realities. Perhaps Turkey's legal system is being retooled, but many groups, unfortunately, remain observers, outside these efforts.

CSO: 4654/130

WALLON MINISTER ON REGIONALIZATION PROGRESS

Brussels LE SOIR in French 11 Aug 81 p 2

[Interview with Jean-Maurice Dehousse, minister of the Walloon region, by Jean Lienardy]

[Text] "Wilfried Martens was very aware of the scope of the national reform which he proposed. Few are those who have realized fully everything that the Martens plans implied. And not only with respect to the position of the regional executives within or outside the government. I have not yet understood all the reasons for Martens' departure: I will only say that I got along well with him, and that on institutional matters our thoughts ran parallel. Yes, really, we got along well, I regret that he had to resign, because the reform is not completed!"

One year after the vote on regionalization, the minister for the Walloon region, Jean-Maurice Dehousse, outlined for us the initial assessment of progress to date. Not the record of the specific actions carried out by the regional Walloon executive which he heads, but rather a look at a year of slow, and often cautious, evolution, of the regional concept.

Beginning with this sudden outburst: "In terms of consciousness, we in Walloon are 30 years late: there has long been a Flemish national consciousness, while Walloon consciousness is still a potential; it is only beginning to assert itself." And also with a profession of faith: "I do not fear the future, I do not wait for it; I prepare for it."

[Question] The government has just gone off for vacation, after long budgetary deliberations. Few are those who do not predict "a brighter future" for Mr Eyskens once it returns in September. Some even go so far as to speak of elections. By the terms of the August 1980 law on institutional reform, these elections should be followed by the departure from the central government of the regional and community executives who are presently a part of it. How do you envisage that new situation?

[Answer] Without attempting to forecast whether or not there will be legislative elections in the near future, I would like to underline several factors. First of

all, it is obvious that the fact of belonging to two executives--one national and the other regional--confers added political weight. One can defend before the central government what has been decided in the regional executive. It is obvious that with the departure of the executives there is a loss of influence. But, and this is a second very important factor, there is also a gain in autonomy for the regions. Which means a certain weakening of governmental solidarity.

[Question] In what sense?

[Answer] Quite obviously because a Walloon minister will be able to directly question a Flemish national minister. As a regional minister I currently have much difficulty getting the floor in the national assembly, either in the House or the Senate. I have few responsibilities to these assemblies, since regional matters are the province of the Walloon Regional Council. But when one sees the confrontations between the northern and southern parts of the country in the very midst of the current government, one can easily imagine how it will be tomorrow once the executives have departed.

[Question] Were the risks fully appreciated when the law was passed?

[Answer] Martens realized all that! Martens was very aware of the scope of the national reform he proposed...But he ran into other problems. They led to his fall. For my part, I saw what could be extracted from the institutional reform; those who voted for it did not realize what it made possible. I was not in a hurry to exploit all those possibilities; I had the calm certainty that time was working for me, and for Walloon.

When the Executives Leave the Government

[Question] Let us come back to the question of the departure of the executives from the central government. What will happen?

[Answer] One might consider that there are three theories. First, there may be no "family" differences (I do not mean just party) in the make-up of the various executives: this is the present situation, in which the socialists and the Christian socialists find themselves together at the national level and also at the regional level.

Or again, there may be the same dominant group in the different executives, but with the regional executive having greater freedom to speak out. This solution is rather difficult to imagine in the present circumstances, where all the debates at the national level remain marked in spite of everything by the conflicts between communities, between north and south. Take for example the discussion about family allocations during the elaboration of the 1982 budget: one of the points at issue was the demographic status of families, which is quite different in Walloon and Flanders.

There is a third possibility: that of different majorities at the national and the regional level. Those who along with Martens wanted the reform also wanted, more or less deliberately, more or less keenly, to see this third scenario develop. This was in spite of all the conflicts to which it could lead, and which would focus public attention in the clearest possible way on all the effects of regionalization.

[Question] In a concrete and practical sense, has this third scenario already begun to take place?

[Answer] To a certain extent, yes. Thus, of the three of us on the Walloon regional executive: Guy Goeme and myself are socialists, and Melchoir Wathelet is a Christian socialist. The proposals made by our respective parties during budget debates are often in conflict, but we have continued to hold our regional executive meetings. At such times, it is no longer a question of being socialist or Christian socialist, but only of the Walloon region: this is our only business.

Why the Regional Council is Morose

[Question] Is this "unanimity" not only present at the regional council, and does it not entail that surliness in debate for which the Walloon assembly has been criticized?

[Answer] Yes, this is true in part. The atmosphere in a regional discussion is not at all the same as in a national debate. We do not have the north-south differences or confrontations in the Walloon regional council.

[Question] Not even contentions between the interests of the main cities: Liege, Namur, Charleroi, and Mons?

[Answer] The discussions are always dominated by the search for the common interest. This is so true that we reach agreement to modify proposed decrees much more easily than a national minister agrees to let a bill be amended by a deputy or a senator, even one of his own party. I think, however, that this "unanimity" will fade away somewhat as soon as the regional executive becomes fully accountable before an assembly that has named him itself. And which can vote no confidence in him.

No to a Region-Community Merger

[Question] Some are calling for the merger of the region with the French community, as has been done on the Flemish side. Why are you against this?

[Answer] The region is a sociological reality, which exists, which drives us, which motivates us. Personally, I do not know whether the idea of the communities represents something equally strong. In Flanders, the region and community are combined, they overlap, for many reasons: political, cultural, social, and economic, whether those reasons are real or invented, perhaps for the needs of the cause. I am against the idea of a merger of the Walloon region and the French community for two basic reasons, first because it would signify that we would definitely be putting Brussels between parentheses. Secondly, because I believe that Belgium as a state still has a right to a chance. To merge the region and the community, like the Flemish, would amount to federalism for two. I only know two examples of such a federalism anywhere in the world: Cyprus and Lebanon. The predicament of those two countries should suffice to convince us that we should turn our efforts elsewhere.

The Dogs of Rik Boel

[Question] Do you think of yourself as a regionalist? A federalist?

[Answer] These are words. I think of myself above all as a Walloon. When one speaks of federalism one is speaking about balance between a central government and its components. One cannot ask someone who claims to be a federalist to destroy that balance, otherwise he is no longer a federalist. My position at the start, and I have not changed it, is a position of searching for balance. In that sense, I am and remain a federalist.

In Flanders, the employers (through the words of VEV [Flemish Economic Organization], the trade unions [Flemish General Federation of Christian Trade Unions], and the parties, to be sure, are in the process of letting themselves be won over to something which is not balance. If that were to come to fruition, I am convinced, there would be a very strong reaction in Walloon against the Flemish movement.

[Question] Is not such a reaction already on the scene, in the Fourons, for example?

[Answer] When the minister of the interior--Rik Boel at the time--spoke of the Flemish dogs who had bitten Walloons because they were acting in self-defense, he did more for the Walloon sense of identity in the Fourons than a demonstration of 10,000 people! That aside, I maintain that the Fourons, like Comines or Flobecq, are special areas, where the Walloons must show that they really exist as a people. There can be no question of abandoning them.

Dehousse a "Little Chief"?

[Question] You are often criticized for allegedly wanting to make the Walloon regional executive your "thing." What is your answer?

[Answer] This is true, it is often said: Dehousse wants to play "little chief." I have assumed responsibilities in the Walloon region for 2 and 1/2 years now, and I have been through four different secretaries of state for regional economic affairs...It is not that I ran them out, but it was successive government crises: how can you maintain continuity of action in such conditions?

There is a personal factor at work, too: for many politicians, the meaning of a career is to climb up to the national government. For me, my ambition is to be in the regional government. I can always be criticized for preferring to be number one in Liege or Namur rather than number 10 in Brussels, it is easy, but I repeat: if I am asked to choose between a national and a regional mandate, I choose the second with no hesitation! And I have already made this choice at least once. Doubtless because I am convinced that the fate of Walloon and the Walloons must be decided in Liege, Namur, Charleroi, and Mons rather than in Brussels.

9516

CSO: 3100/902

ECONOMY ISSUES DOMINATE IN ELECTION CAMPAIGN

Stockholm DAGENS NYHETER in Swedish 17 Aug 81 p 12

[Article by Bjorn Lindahl]

[Text] Kongsvinger, 16 Aug--The election campaign is under way in Norway. The hall of People's House in Sorskogbygda was half filled long in advance. The rest of the crowd stood outside in the sunshine and waited. Early in the spring the district's most ardent Social Democrat, 73-year-old Alma Hoysveen, decided that Gro should come to Sorskogbygda. And so she did.

The Norwegian Labor Party has only 4 weeks in which to make close to 150,000 people change their minds. That is how large the difference between the two blocks is today. In percentages an average of the various opinion polls taken in the second quarter of 1981 showed that the Labor Party has 36.9 percent of the votes. Along with the Socialist-Left Party the figure is 41.7 percent. That gives the three non-socialist parties a comfortable lead, 49.7 percent. The lead has never been that great so close to an election.

But nothing is really certain. Voter groups are in a state of flux today in an entirely different way than they were just a few years ago and the Labor Party points out how drastically the election situation changed in the last 2 weeks before the French election.

The fight for the 155 seats in Storting which will be distributed after all the votes are counted on 14 September is also an uncertain matter. A slight decline for the Christian People's Party, for example, could cause them to lose many of their seats. They occupy the vulnerable last seat in 10 counties. And it is not just the Conservatives who are eagerly waiting in line for these seats.

Great Interest

Along the road to Sorskogbygda could be heard the notes from a band and right after that we could see red flags and colorful banners. The procession of people and musicians marched in led by Gro Harlem Brundtland. Ever since Gro Harlem Brundtland made her debut as a politician there has been enormous personal interest in her. It is a mystery that the same person can be exposed to such unrestrained flattery as that in the biography recently published by the Labor Press

publishing firm and to such crude comments as, "If she wakes up one morning with a wart on her nose the fairy tale will be over," from well-known writers. For she is never obscure, Gro Harlem Brundtland, even though at times her talks are more lecturing than moving in tone.

At least one professional group can be very thankful that she was elected prime minister and party chairman. That is the florists. For the minute she was elected the red rose popped up as the Labor Party's election symbol on all posters and at party meetings. More than a few red roses are being handed over in the first week of the campaign and there will be more.

Gro Harlem Brundtland introduced her speech with the five topics the party chose to stress during the campaign: jobs for everyone, detente and peace issues, defense of the welfare state, oil policy and equality.

Economic Policy

The government recently presented a proposal on a price freeze and tax relief to avoid having to tear up this year's contracts due to inflation and it is economic policy that is being most hotly debated in the initial stages of the campaign.

For the non-socialist parties the price freeze gave the final proof that the government's economic policy is one big mistake. According to Conservative parliamentary leader Kare Willoch the country is now heading for a number of crises.

"In a speech Tuesday Willoch said the Labor Party had provided the country with a serious new inflation problem that will break out at the beginning of 1982 when the price freeze is lifted. After that no one can promise a rapid transition to reduced inflation, according to Willoch," said Gro Harlem Brundtland. She told her audience to listen carefully to Willoch's dual language.

"Would the Conservatives have recommended new contract negotiations this fall? Does he think we are worse off than before the government's price policy steps? I'll ask Kare Willoch straight out if the Conservatives will oppose these steps when they come up for discussion in Storting."

In Gro Harlem Brundtland's challenge lies a concealed threat that if so LO [Norwegian Federation of Trade Unions] will strike until they're blue in the face. For it is not small demands LO would come with then--around 20 percent just for the last months of the year.

6578

CSO: 3109/230

FINANCE MINISTER SAND DEFENDS GOVERNMENT ELECTION STAND

Oslo NORGES HANDELS OG SJOFARTSTIDENDE in Norwegian 12 Aug 81 p 5

[Interview with Finance Minister Ulf Sand; name of interviewer, date and place not given]

[Text] The finance minister dismisses nonsocialist criticism:
"Nonsocialist politicians don't know which leg to stand on.

"The reactions to the government price move are characterized by the fact that nonsocialist politicians can't quite figure out which way to jump. All agree that something must be done. At the same time they criticize the move without dissociating themselves from it. Such confusion is a sign of weakness in a situation in which the economy requires clear stands and a determination to stick to one's guns," said Finance Minister Ulf Sand in a commentary on reactions to the government's price initiative.

[Question] Many people have criticized you on the grounds that the measures prove the Labor economic policy has failed and that they are characterized by a mood of panic.

[Answer] We must be free at all times to resort to the moves required by the situation in order to achieve the goals that have been set. I am thinking in particular of full employment. It is now clear that the international economic upturn will come later than we had anticipated. Our methods must be adapted to this. Unemployment is rising more than we had expected elsewhere in the world. Important countries like Great Britain and the United States are pursuing policies aimed primarily at prices--not employment. To maintain our competitiveness we must get a better grip on price and cost developments. But we are doing this in such a way that the price measures will not be at the expense of full employment; on the contrary they will support employment.

[Question] But doesn't a price freeze simply postpone price hikes, so that it acts more as a temporary check?

[Answer] These steps should be viewed as part of our regular economic plan. This is no isolated operation, you know. We are replacing our index adjustment with other measures, tax relief and a price freeze, that will have the effect of restraining prices. We have also said that this will be followed up by a tight economic policy both in the national budget and in credit plans for next year. If we had not done so we would have had a new price spiral later on. But if we had used the price freeze in isolation and not used other measures along with it the price freeze would probably not have functioned well.

[Question] The Employers' Association and the Industrial Federation say the price freeze can create problems for vulnerable branches which need higher prices.

[Answer] The price freeze must be viewed in connection with the other steps proposed. It is part of a package. A vital element is the elimination of the index adjustment. Everyone must give a little for this to happen. What business has to do is show restraint when it comes to prices and indicate willingness to accept the price freeze. This will benefit the business sector as a whole and it will shore up jobs. It can be shown with cold figures that this will benefit business and employment. The total effect of the measures will be an improvement of 1 percent in our competitiveness with other countries.

That is a continuation of the improvement in competitiveness that has occurred since 1977. We had a clear decline in competitiveness up to 1977 but since then we have had a total improvement of 15 percent in our competitiveness. I don't doubt for a minute that this is why we have managed to maintain employment as well as we have done and are continuing to do.

[Question] Will the total standard of living in this country decline?

[Answer] The total standard will remain at about the same level as before. At this point we are facing a conflict between the goal of maintaining full employment and the goal of maintaining disposable real income (buying power) for middle and upper income groups. We have chosen a minute decline in the standard of living for these groups in order to guarantee jobs for everyone. Low-income groups will see an improvement in their standard of living. For instance those receiving retirement benefits will come out considerably better than others. They received pension adjustments on 1 January and 1 May and will have one now in addition to an increase in the special deduction.

[Question] Can the state afford to give this tax relief?

[Answer] The question is, what alternative do we have. The direct loss of state revenue is estimated at 750 million kroner. In an index adjustment with an increment of 6 percent, for example, the state's own wage expenditures would have risen by 310 million kroner. We would have also been under pressure for supplemental appropriations in many areas. In other words the net effect is not that great. For counties and municipalities this means a strengthening of their economy amounting to half a billion kroner. In other words the total effect on public budgets is quite justifiable.

Seen as a whole the Norwegian economy will benefit from this and of course that is the most important thing. We must also bear in mind that if we had not managed to improve competitiveness we would have had to grant several subsidies to private business to maintain employment, said Finance Minister Ulf Sand.

6578

CS0: 3108/179

LABOR PARTY ORGAN ATTACKS NONSOCIALIST ECONOMY PLANK

Oslo ARBEIDERBLADET in Norwegian 10 Aug 81 p 4

[Editorial]

[Text] Prime Minister Gro Harlem Brundtland started the election campaign in the Kristiansand area this weekend. It was the first time the prime minister came face to face with the voters since the government announced the new economic measures Thursday, a price freeze and tax relief in place of an index adjustment.

Everywhere she went the prime minister met only people who reacted positively to the measures. This is in line with the reactions flowing in from the entire country. Most people feel this was a correct move on the part of the government. A newspaper in Alesund which has talked to people on the street about the economic measures summarized the impressions on the front page under the heading, "Hurrah for the Price Freeze!"

The union movement is not only very understanding but also very happy about what has happened. The steps will not only halt price increases but also help to maintain wage earners' buying power as well as making a major contribution to guaranteeing employment.

On a purely theoretical level certain people with a special sense for such things can certainly mobilize fundamental objections to the elimination of the index adjustment. But the vast majority quickly saw the advantages in what has been done. The plan presented by the government benefits wage earners more than an index adjustment would have done. And this is true both economically and socially. If we look at money alone an index adjustment would have to have a framework of close to 20 percent to match the tax relief that will be given at the end of the year.

Most people are also aware of the problems local authorities are struggling with in the economic sector. The economic package presented is an important savings in municipal and county budgets for the rest of the year. The tax relief moves will be taken as a whole out of the national budget and the cities and counties will avoid bills for the planned index adjustment in the fall.

It is the right of the opposition to oppose. Five weeks before an election is a hard time for a government to present anything of importance without hearing

criticism from the opposition. Of course this applies to the latest economic package too. Even so Willoch, Presthus, Jakobsen and Bondevik are having a hard time these days. They can't very well be wholehearted in opposing the move and present themselves as representatives of parties favoring price increases while the Labor Party is presenting a plan for a price freeze. They also have the problem that they have long been concerned by price increases and have tried to make political gains on this basis, but were unable to come up with concrete proposals to halt inflation as the government has now done. Their "government program," the joint position on the government's long-range program, is characterized as an inflation statement. It is not a program against inflation. The prime minister stressed this weekend that this is not just the evaluation of the Labor Party. In one of her speeches she pointed out that director Knut Getz Wold of the Bank of Norway, director Reinertsen of the Norwegian Bank Association and director Egil Bakke of the Industrial Federation have all said that the joint declaration gave no indication as to how the problems of inflation should be solved.

In this situation the nonsocialists are choosing to direct their main attack against the timing of the announcement of the economic moves. They talk as if this is a panic move in an election campaign and that the problems will be stored up so that the situation will be worse than ever when the price freeze is lifted in 1982. All this is pure nonsense. The new steps against inflation are part of the government's long-range strategy to halt inflation and guarantee employment. The restrictions in the revised national budget were part of the same strategy. It is already clear that the government intends to follow this up with an austere national budget for 1982. The latest economic steps will not make the situation worse after New Year's. On the contrary we will go into next year with a better economic starting point. If the nonsocialist parties don't understand that it is all the more important to gather round the present government and make sure it will be the one to continue the fight against inflation and for employment after 14 September as well.

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CSO: 3108/179

NONSOCIALIST VICTORY WILL LEAD TO FIGHT FOR CABINET SEATS

Oslo ARBEIDERBLADET in Norwegian 10 Aug 81 p 8

[Commentary by Thor Viksveen]

[Text] Today--5 weeks before Election Day--a fight over cabinet seats is raging among the nonsocialist parties. The Christian People's Party and the Center Party have now made it clear they will not accept the Conservatives getting a majority of the cabinet seats in a three-party coalition government if the Conservatives also get the prime minister post. The Conservative candidate for prime minister, Kare Willoch, has responded by saying cabinet seats should be divided up in accordance with the election results. Judging from current opinion polls it is extremely likely that the Conservatives alone will get greater support in the election than the two middle parties put together.

With these starting positions the two groups have placed themselves in a very difficult situation prior to possible government negotiations. Many people are surprised that at the beginning of the final spurt of the campaign the three parties have made a move that can only result in reducing the credibility of their capacity to work together. KRF [Christian People's Party] and SP [Center Party] now fear more than ever that they risk becoming "coalition hostages" to a strongly Conservative-dominated government while the Conservatives on their part are so sure of their own strength that they can act with cocksureness and arrogance. In the Conservative leadership the strategy is clear--if they don't get things their own way in a three-party government they intend to form a government on their own.

Center Party

The tone was set at the Center Party's central committee meeting last week. Both party chairman Johan Jakobser and general secretary Svein Sundsbo said it would be unreasonable for any party in a three-party government to get a majority of cabinet seats for itself even if one party in the election was "much bigger" than the two others put together. Sundsbo later said to the main party organ, NATIONEN, that in principle it would be wrong for a single party to have a majority in a government whose goal was cooperation.

Christian People's Party chairman Kare Kristiansen has given full support to this viewpoint. He said to NATIONEN on Saturday: "I think a coalition government

made up of three parties should make compensations so that no single party has an absolute majority. I also view this matter as more important than many others related to cabinet composition, for example the prime minister question," said Kristiansen.

Kare Willoch on behalf of the Conservatives has already responded to the move of the middle parties: "I must maintain that the composition of a hypothetical coalition government should be in line with election results.... The prime minister post cannot in itself have any determining function when it comes to distribution of cabinet seats.... One cannot try to correct the voice of the people in government negotiations."

Prime Minister

Given what has now happened the middle parties have obviously changed their strategy in the fight for possible cabinet positions. The two parties are conceding even before the election that the fight for the prime minister post is lost. Willoch will be the leader of a nonsocialist government. This fact is also admitted by the main organ of the Center Party, *NATIONEN*, which wrote Saturday: "If the election results correspond roughly to current opinion polls--thus making the Conservatives bigger than KRF and SP together--it is likely that the two middle parties will consider the prime minister question already settled in reality."

However this realization will not make future government negotiations any easier. Kare Kristiansen has already said that preventing the Conservatives from getting a majority on their own is more important than the prime minister issue. The Center leadership has also indicated strong fundamental doubts.

Even though the battle for head of the government is already known to be lost the parties will present candidates for the post. The Center Party has already indicated that Johan Jakobsen is their man. The question has not been settled in KRF but everything now points to Kare Kristiansen. Earlier speculations about Korvald's candidacy have now been refuted by Kristiansen himself. Speaking to *DAGBLADET* Saturday he didn't leave Korvald much chance and said: "After he withdrew from politics many people interpreted that as meaning he is not a candidate for the post of prime minister."

But although the middle parties are making their suggestions this is not what will be the central issue. Middle-party voters must be prepared for a Conservative prime minister in hope that this will prevent the same party from completely dominating a possible three-party coalition government.

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CSO: 3108/179

YOUNG SOCIALIST LEADER: YOUNG CONSERVATIVES LACK PROGRAM

Oslo ARBEIDERBLADET in Norwegian 8 Aug 81 p 5

[Article by Labor Youth League leader Egil Knudsen]

[Text] "Sissel Ronbeck should have stayed home to solve the price problems instead of studying youthful riots abroad. I have the feeling Ronbeck traveled to find arguments for stands that had already been determined."

This quote is taken from Jan P. Syse and introduces a whole series of disgruntled remarks from Conservative politicians about the active youth policy mapped out by the Labor Party. The attacks have been directed especially at Sissel Ronbeck who has been more active and involved in these matters than anyone. Her methods of working have often been unusual and quite different from the work style of other politicians.

Sissel Ronbeck deserves praise, not criticism, for this. If one is to meet youth groups outside the established society one must understand the background of the problems concerning them and it is no use proceeding in the customary political manner. The Young Conservatives also found it necessary to censure the cabinet minister for dressing in punk style on occasion. For Young Conservative politicians it is unheard of that a cabinet minister should meet young people without being dressed properly.

One might think that the Young Conservatives would have a more balanced view of youth problems than Syse. But look at what their chairman, Sveinung Lunde, announced from the organization's annual elite course (note the name of the program) in Reistad: "The youthful revolt of recent years is simply criminal and should be handled accordingly with regular jail terms and fines." Renewal is definitely not a word one can use in speaking of the Young Conservative elite.

Sissel Ronbeck has also been criticized because the youth problems in the countries visited are different from those we have here. And in many ways that is an accurate description. In a number of lands, especially in the Conservative Party-ruled Great Britain, the problems are much more extensive and serious in nature.

But the criticism of Conservative politicians on this point is both typical and revealing of the way in which Conservatives look at policy--they back into the future.

First when serious riots reach our own land will they be discovered by Lunde, Syse and others. But then it will be too late to a large extent to do anything effective about them.

Steps to prevent such problems are at the heart of the work done by the ministry. This calls for foresight. It also calls for an ability to gain experience even outside the borders of this country. Thus the criticism of the study trip can be taken quite calmly.

But there is good reason to point out the total lack of an alternative youth policy which characterizes the Conservative Party and its youth organization. And that does not apply simply to the type of youth problems referred to above. The reactions to the government's report on young people and to the work now being done to live up to the youth guarantee pledge point in the same direction.

Conservative Storting representative Georg Apenes was very dubious about issuing a report on young people at all (ARBEIDERBLADET, 27 June). He did not completely rule out the possibility that such a study was necessary but as he put it: "I think the cultivation of youth can sometimes go too far." Right now we are seeing massive Conservative protests concerning the government's effort to live up to the youth guarantee, the promise of jobs or training positions for all young people under 20 years of age. For a long time we have been hearing complaints from the Conservatives that the guarantee had not been fulfilled. Now that concrete proposals are being presented they are protesting these moves.

Personally I have not noted any alternative proposals from the Conservatives or their youth organization at this time concerning how to realize the government guarantee.

The Labor Youth League on the other hand issued a concrete action program for implementing the guarantee at its summer camp session in Utoya.

We are calling for a number of different steps, with major emphasis on funds to set up several continuing education classes, more resources for various youth employment programs and more apprenticeship openings. At the same time we are asking for a separate labor market course for young people between 16 and 19, while the age limit for such courses today is 19. We also proposed raising the number of students in second and third year classes in some continuing lines of education from 27, the current number, to 30, the number of students in the first year classes.

In general Labor Youth asked the government not to shy back from using hundreds of millions of kroner to carry out the youth guarantee, definitely the single most important issue for young people today.

It is these demands the government is now implementing. All indications are that it will use more than 100 million kroner to honor the commitment.

This is the biggest individual commitment ever made to guarantee jobs for young people. In a number of other countries where the party comrades of the Conservatives are in power young people can't even dream of such a youth guarantee.

But even so the Conservatives are complaining without coming up with a single alternative suggestion themselves. If the Conservative protests win out it will mean that several thousand young people will lose their chance to get a higher education. Young voters should bear this in mind in connection with the upcoming election.

The proposal concerning the number of students in a class has drawn the most fire. It is presented as a scandal of educational policy, something that will lead to impossible pedagogic conditions, just because the ministry is proposing to keep the same number of students in classes for all three years of school in the general and office lines. I am convinced that most people see nothing wrong with 30 instead of 27 pupils in a class if this will help make education possible for several thousand young people. Of course several teachers' organizations have also protested, which is quite natural for a special-interest organization. But the pedagogic problems are not so deep that teachers and others won't accept the change if they receive economic compensation for it.

The protests from the Norwegian Union of High School Students can be ignored. This organization is totally dominated by the Young Conservatives and there is no reason to expect that it would come up with anything during the campaign that would help the implementation of the government's youth policy. But this attitude is quite alarming for its lack of solidarity with the many young people who so far have not been accepted for higher education programs due to lack of space.

6578

CSO: 3108/179

BRUNDTLAND EXPLAINS STANDS ON OIL, ENVIRONMENT

Stockholm DAGENS NYHETER in Swedish 18 Aug 81 p 8

[Interview with Prime Minister Gro Harlem Brundtland by Bjorn Lindahl in Kongsvinger, Norway on 17 August 1981]

[Text] Kongsvinger, 17 Aug--Never before in a Norwegian election has the contest been so clearly between two parties--the Norwegian Labor Party which has been in power for 8 years and the Conservative Party which has been gaining in strength throughout the 1970's and has now passed the Labor Party in some opinion polls.

DAGENS NYHETER met one of the main contenders, Prime Minister Gro Harlem Brundtland, between bouts in an intensive election campaign start.

[Question] Will there be any big differences in relations between Sweden and Norway if one party or another wins the election on 14 September?

[Answer] Actually the main thing is how the social development and economies of the two countries are affected by the governments in power. Since we have so much trade with each other the economies and mutual opportunities of the countries will be affected. That is the biggest impact a government shift would have.

It has never been the case that a Norwegian or Swedish government has allowed the political composition of the neighboring country to determine the chances for pursuing active cooperation. But we always find it more natural to talk with the Social Democrats.

[Question] If Norway had had to do without the oil would a socialist government have been able to avoid a budget deficit?

[Answer] I have thought a lot about this because it is being used in a very strange way in the political debate by Kare Willoch. He has taken the development Norway had before 1973 and carried it on from there. He then looked at actual development and claimed that Norway would have been more than 30 billion kroner richer if a proper economic policy had been followed.

But he is ignoring the fact that it would have been impossible for Norway to develop as before when the entire international economy was in flux. And even without the oil Norway has had a better development than most OECD lands, averaging 3 percent since 1975.

Criticism

[Question] You have also been criticized because this does not apply to industrial production which has stagnated since then or even declined.

[Answer] That has happened in all industrial countries. If people would stop talking as if it were possible for Norway to increase its production and outcompete France and Germany or Sweden and Finland and pull itself up by the bootstraps we would get a lot further. For we cannot sell the total industrial production of Europe without acquiring other markets that will grow in other parts of the world.

For us in Norway a real development in the economy is possible since we now have the oil as a resource. That makes it possible to expand our services and other sectors of the Norwegian economy. But we cannot also have rising industrial production and not have enough labor left over for the oil industry.

One should not stare blindly at industrial production and see it as a measure of how good the economy is. That we must then have good productivity, be efficient and thus become competitive in what we do is an entirely different matter.

Statoil

[Question] One of the express Conservative goals is to clip the wings of the state oil company, Statoil, which in a few years will become the biggest firm in Scandinavia. Comments?

[Answer] We figure that Exxon, Esso's parent company, is 80 times bigger than Statoil in terms of both sales and number of employees. That has taught me how preposterous all the tearful criticism of this "enormous" company really is. For unless Norway has a strong state company only a fraction of the size of the big international concerns--how then could we direct our oil policy and have any chance of matching the big companies?

We will not go along with any clipping of Statoil's wings.

Oil policy is also one of the areas where a non-socialist government would not only have the biggest problems but the most uncertainty as well, leading to decisions different from those we feel are correct, producing a big impact on Norway and from our point of view a great deal of harm. This could have consequences right into the next century.

There are some who claim that the Labor and Conservative oil policies are identical just because we agree on the tempo--90 million tons a year at most--but oil

policy is more than that, including such questions as how to run the activity and how to distribute the revenue. And here is one of the dividing lines between us and the Conservatives.

[Question] What issues are you stressing that might involve young people?

[Answer] There is no doubt that equality and environmental resource issues have been an important part of the debate in the 1970's. I think these two things will continue to be important to young people in the 1980's. Then there is the whole issue of security and detente and the global issues of how to distribute the prosperity.

[Question] How can the Labor Party regain the initiative on environmental issues after the decision to develop the Alta River--many young people must have lost confidence in you at that point?

[Answer] We had the initiative in environmental policy throughout the 1970's, as for example preserving Hardangervidda. And we succeeded even though there was great disagreement in the internal party debate. But we arrived at a decision to preserve Hardangervidda and this involved as much as 2 Twh (more than three times an Alta power plant). I see that as a real milepost.

Two years later we had a debate on Alta, mainly as a Lapp and minority issue rather than an environmental one. That is what has created the big concern. I am not sure that the Alta affair will weaken the Labor Party's niche in environmental policy in the final analysis.

Lapp Issue

But the Alta is a hard problem for all responsible parties in Norway. One must deal with the entire Lapp issue and the administration of resources in Finnmark as the serious matters they are while also finding ways leading to a solution that does not undermine the dignity and authority of state bodies.

I don't think one maintains respect for democratic bodies by being inflexible and concerned with prestige. I think one should be willing to be self-critical too. But it would be a mistake to believe that the best solution can be found in total capitulation to a line of action.

This is a hard balancing act and I will stress this and expand on it in the right way to the benefit of those who brought the matter up as well as the authorities. I can't say more but I think this is possible.

[Question] Finally, your comments on Inga Thorsson's appeal to Social Democratic women to be realistic on the question of nuclear-free zones?

[Answer] I have not heard her statement but I think a combination of involvement and realism is always good advice. The question is what one means by realism.

6578

CSO: 3109/230

POLITICIANS REACT NEGATIVELY TO IMPORTANT MILITARY SPEECH

Guipuzcoa EGIN in Spanish 28 Jul 81 p 3

[Text] The very harsh speech read in Santiago last Saturday during the offering to the apostle by the captain general of La Coruna, Lt Gen Fernandez Posse, who participated in the ceremony as a representative of the king, has raised a small political storm; small, and late in particular, because the leading parties did not decide to meet for a discussion of the matter until yesterday. Some of them decided to issue public communiques, but almost none of the leaders risked making their own comments. EGIN nevertheless obtained some personal evaluations, which are included below together with the contents of the communiques.

Insofar as PSOE [Spanish Socialist Workers Party] is concerned, that party's official for defense affairs, Enrique Mugica Herzog, held a meeting yesterday in the press office. EGIN learned from Socialist sources that Lt Gen Fernandez Posse's statements shocked them considerably, but that, for the time being, they did not consider it proper to issue a public communique, and preferred to channel the matter through Parliament, most likely submitting a summons.

In connection with the aforementioned statements, the PCE [Spanish Communist Party] issued a communique in which it requests that the military not express their views on political matters.

The note reads as follows: "In our opinion, the only way the military have of engaging in politics, in view of their status as public officials and the special statute that they have as members of the militia, is to request withdrawal from the Army. In our view, no one who wears the uniform of the Spanish Armed Forces can start expressing opinions about the institutions, the political situation or the different options: in short, intervene actively in politics, much less do so when speaking in the capacity of the king's representative."

Carrillo, for his part, told HOJA DEL LUNES DE MADRID: "I think that the day when the military and we civilians think less about the Civil War and more about the one that we waged against Napoleon, in commenting on our military history, we shall have taken a great step."

The CCOO [Workers Commissions] confederated press office is of the opinion that "it is not a fitting time to 'fuel the fire,' because that would benefit the provocateurs;" but it considers "Lt Gen Fernandez Posse's statements inappropriate, both in their timing and in their form." As a labor union, it considers "the act of questioning the right of the union, recognized by the Constitution, when Lt Gen

Fernandez Posse commented that it was attempting to impoverish the economy, organizing strikes with any excuse, an inappropriate statement (it repeats); because the Armed Forces should not interfere in the union's endeavor."

Palmes: 'I Don't Think It Is a Generational Problem'

In Barcelona, we discussed Gen Fernandez Posse's speech with Marc Palmes, member of the secretariat of the Leftist Nationalist movement, and with Ernest Lluch, deputy of PSC [Christian Social Party]-PSOE. Marc Palmes told us: "So long as the high-ranking military positions in this country are held by people of that sort, talking about the consolidation of democracy will continue to be an irony." When asked whether he considered the tone of the speech unusual, Palmes added: "I have the impression that these are positions and opinions held by a substantial majority of the Armed Forces. The fact is that there are other high-ranking commanders with greater political circumspection." He continued: "I don't think it is a generational problem, and the proof of this is that there are views of this type among the intermediate cadres as well. It would unquestionably be a good thing for certain commanders to join the reserves, because this ideological line is more evident among the older ones. In any event, the causes lie in the system, which is imbued with fascism. I had actually been told that Gen Fernandez Posse had a reputation as a liberal."

Lluch: 'Out of Step With Reality'

In the view of the Socialist deputy, Ernest Lluch, the statements have two aspects: "one fatal", including the "references to an alleged state of war. These assertions are a crass stupidity; I think that President Pujol himself cited them in similar terms recently. The non-negative part of the speech is the one expressing obedience to the king and the Constitution." He continued: "Apart from these two aspects, the references to the excessive wage demands prove that the general has not read the standard accord, which has been implemented. As for strikes, there have been very few and, of course, far fewer than in 1975-76, for example. Hence, it seems obvious that his diagnosis is absolutely mistaken. More than the ideology that underlies it, what bothers me most is the fact of being out of step with reality reflected in the speech. The references to the universities as being focal points of subversion are significant. Those of us who have any contact with the universities know that there has not been a calmer term than this in the past 100 years." When asked whether these activities relate to generational causes or, on the contrary, are associated with more complex motives such as those represented by the fascist legacy, the Socialist member of Parliament declared: "I believe that the problem stems from a deep division between the military system and the civilian world, a division against which we must battle. On the other hand, believing that all the military commanders have such opinions also seems to me to be a sign of dissociation from reality."

We asked him: "So does the case of this speech seem unusual to you?" He replied: "Rather than unusual, this speech does not seem ordinary to me."

Castells: 'It Will Make the Reformists Blush'

The HB [Popular Unity] senator, Miguel Castells, is of the opinion that the captain general's speech "confirms the comment that we have been reiterating to the point

of boredom: that nothing has changed, that there has been no rupture and that Francoism is still alive among the high-ranking military and political echelons." Castells remarks: "As the captain general so aptly put it to the Santiago captain, Franco is the national hero who created the current regime; and, therefore, those elected must treat the institutions which Franco planned and prepared with utmost respect. The speech confirms that Juan Carlos is king by the grace of Franco."

Castells adds: "Actually, we have had constant speeches with the same essential content, but this one seems particularly interesting to us, because it impedes the activity of the reformist parties which are bent on trying to conceal the reality. I believe that the speech must have made the reformist groups blush. It will be impossible for them to silence the captain general as they have silenced others 'on the foot level.'"

Upon being asked whether he thought that the speech by the king's delegate contrasted with the official image that the government is trying to give, and whether the speech might be due to the "de facto powers," Castells replied: "It was remarked on one occasion that the government is an abductor of democracy and, on others, that the government itself has been abducted by those powers. The fact is that there are times when it is difficult to demarcate the area of the abductors from that of the abducted."

He then noted that Herri Batasuna [Popular Unity] attended Galician Fatherland Day at the invitation of the Bloc (UPG [Galician People's Union], ANPG [People's National Assembly of Galicia]) and PSG [Galician Socialist Party], whose convocation authority proved to be much greater than that of the other political groups of the Galician left. The HB delegation attended the various ceremonies and demonstrations, along with delegations from the PLO [Palestine Liberation Organization], PSAV [National Liberation Socialist Party of the Catalan Regions] and various Latin American liberation movements, as well as parties such as LCR [Revolutionary Communist League], MCG [Communist Movement of Galicia], Galiza Ceibe and others. The captain general's speech was not a topic of analysis during the brief activities that were held, at which there was no lack of police contingents.

Bandres: 'There Are Still People Who Believe That Franco Is Not Dead'

Juan Maria Bandres, a deputy representing Euskadiko Ezkerra [Basque Left], was also at Santiago de Compostela, where he came as a guest to participate in a rally of the Esquerra Galega [Galician Left]. When, during the course of the rally, the Basque deputy, clearly referring to the remarks of the captain general, Fernandez Posse, told the audience that, "despite the fact that some admirals believed him to be alive, Franco has been dead since a day in November 1975," the EE leader received one of the heaviest outbursts of applause from those in attendance.

Bandres also told this newspaper, in connection with the offering made by the king's special delegate to the apostle St James, "this type of act is anachronistic and very dangerous." The Basque deputy added: "Such comments are a recognition of the fact that there are still people who believe that Franco is not dead." According to Juan Maria Bandres, the account of situations made publicly by the captain general should prompt the government to intervene. Bandres said: "The government should exercise its disciplinary authority with these high-ranking officers who,

after all, are political, because they lead to confusion by their remarks, and they do not seem to be very respectful of the Constitution."

EMK [Basque Communist Movement] has also published a communique of condemnation, in which it states that, "Lt Gen Fernandez Posse's address on the occasion of the offering to the apostle St James is another gross coup-associated act carried out, strangely enough, 'in the king's name.'" According to this party, "Speeches such as that of Fernandez Posse create terror among those who hear or read them." In fact, a spokesman for this party told EGIN that the first part of the speech read by Lt Gen Fernandez Posse "is copied, and contains verbatim paragraphs from the book entitled 'Strategy' by the Argentine, Alberto Marini, a theoretician of dirty war and internal war, and the one who inspired the repressive policy of the military in that country."

2909

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CALVO-SOTELO PIQUED BY GENERAL'S HARDLINE SPEECH

Bilbao EL CORREO ESPANOL-EL PUEBLOVASCO in Spanish 1 Aug 81 p 19

[Text] Madrid, 31 Jul (Colpisa)--The autonomous accords will lend order to the construction of the state of autonomies. They should not entail lags or changes in the statutes already approved, but rather attempt to provide a more rational framework for the process, both for the autonomous communities and for the state that houses them. Only a strong state can accommodate autonomies which are also strong." With these comments the president of the government, Leopoldo Calvo-Sotelo, opened his final press conference before the official government vacations start.

The president of the government explained that the autonomous accords include political pacts establishing the general features that the new statutes must have, as well as a draft of the Law on Harmonization of the Autonomous Process, and pacts on the financing of the autonomous communities. He remarked: "These accords, initiated at the behest of the government and the majority opposition party, represent a decisive step."

The president of the government attached the same importance to the recent national accord on employment, claiming that both this accord and the one just reached on the autonomies "will bring calmness and order."

He added: "Two commitments that I assumed upon my inauguration as president of the government have been met thereby. The government has obtained the cooperation of other political, social and economic forces, and it is doing what it should be doing: governing in a democratic state. It is true that we are experiencing difficult times, but it is likewise a fact that we are solving the problems which have been posed; and this may be reflected in tranquillity and hope as we enter this summer break."

More Pacts With the Basque Country and Catalonia

The president of the government subsequently stated that he would have liked all the political parties that took part in the "autonomous summit" to have signed the pact, commenting: "I regret that PCE [Spanish Communist Party] was unable to continue. But the origin of these pacts was a dialog between the president of the government and the secretary general of PSOE [Spanish Socialist Workers Party], and this could be the key factor that insures the pact. Although I regret PCE's departure, I don't believe that this could interfere with the soundness of the pacts." In connection with the statutes of autonomy already established, the president of the government

stressed that the current pacts would not entail a delay in their progress, and gave assurance that he would hold more frequent talks with the representatives of the Basque and Catalanian governments.

Economic Situation

Next, the president of the government proceeded to discuss the concrete accords concluded at the Council of Ministers meeting held today. He emphasized that the cabinet had first studied the report on the autonomous pact. Among the Council's other decisions, Calvo-Sotelo underscored some on economic policy.

He said: "The evolution of the economic situation enables us to view it hopefully," and gave the following as an example: "Approval has been given for the granting of 13 billion to remedy the damage from the drought, supplementing other previous subsidies; an agreement has been reached on principle to restructure the textile sector, which affects 400,000 workers and 7,000 firms; and an agreement has also been made on urban development and housing, with cooperation between the central administration and the local administration."

Calvo-Sotelo added: "The data from the economic indicators are favorable: unemployment has been reduced, and it may be anticipated that it will continue to decline; prices have evolved remarkably, without an increase last month; exports have risen 40 percent in pesetas and 6 percent in dollars; the labor conflicts have been reduced 60 percent; and the stock exchange is holding firm with an index of 137."

The president concluded: "It is true that we are experiencing difficult times, but it is likewise a fact that we are solving the problems which have been posed. I am not an advocate of making assessments, and summertime does not warrant a rendering of accounts; but I believe that these two aforementioned accords can and should be offered as the most important aspect of our government endeavor."

He ended these remarks by stating: "I would also hope to have brought during these recent months the calmness, security and tranquillity that the government feels; in this respect, you have the floor."

Extreme Right

Answering a question relating to the recent arrests made of members of the extreme right, and their possible connection with the coup plot, the president said: "I believe that there is no connection between the coup groups and these recent arrests. The police suspect that those involved in the latter are persons responsible for a long list of attacks, including the attack on the newspaper EL PAIS; and I hope that the judges can consider the evidence supplied by the police to be good." With regard to the danger of a coup d'etat, the president added: "As president of the government, I am concerned and preoccupied by those matters which are possible and likely. I don't believe that the danger of a coup is likely, nor even possible. The objective conditions do not exist at present, and for this reason the government is not concerned."

Gaston Defferre

Mr Calvo-Sotelo also discussed the recent visit paid by the French interior minister, Gaston Defferre: "I cannot specify the police measures that have been adopted, but I can say that France will not allow its soil to become a base for terrorist action against a neighboring country, and concretely against Spain. The police measures have been examined by the Spanish and French interior ministers, and will be studied during the next few days by the justice ministers. I hope that their progress will make the French commitment a good one."

Captain General of Galicia

In response to a question, the president of the government also commented on the recent speech delivered by Lt Gen Fernandez Posse on the occasion of the offering made to the apostle, St James: "The offering to the apostle is a traditional act which needs an adjustment. I don't believe that this offering could take place within one year under the same circumstances. The text of Lt Gen Fernandez Posse was not known in advance either by the king or by the government."

When the government learned about it, it called Lt Gen Fernandez Posse and gave him the proper warning. He was shocked at the effect that his remarks had had, and gave assurance of his loyalty to the constitutional order. The Army is in its proper place and if the remarks made by Lt Gen Fernandez Posse on the occasion of the offering contained comments that may have suggested the contrary, his own subsequent explanation has left matters in their proper place.

There Will Be No Government Crisis

The president of the government also discussed the centrist party at the press conference, asserting: "The internal differences within UCD [Democratic Center Union] are probably no greater than in other parties. UCD is the government party and, as such, it is more vulnerable to criticism; but it also has more light and more record-keepers for the problems themselves. The government is backed by a strong parliamentary group, which continues to be strong; and it will continue with the latter. The government has received support from the party that has been unanimous up until now. Even when there have been some demonstrations within UCD, it has always guaranteed full support for the government; and I am satisfied with this support. Furthermore, I believe that it is my duty as a member of this party to obey the organs democratically elected by the Palma congress."

Upon being asked about a possible imminent government crisis, Mr Calvo-Sotelo replied: "On the whole, I am satisfied with the government, which is made up of capable people. I have no intention of making overall changes. But this does not mean that I am completely satisfied with its action, for there are areas in which we could progress further. But this can be done with the staff that I have. There is a government for a while."

Colza Oil

The topic of the oil adulteration also came up at the press conference, and concerning it the president of the government observed that it was, "a matter of serious

concern. When public health is at stake, it would be inhuman and unjust to show signs of satisfaction, regardless of how much has been done and is being done in this matter. It would appear that there is a possibility of identifying the toxic agent more accurately and, therefore, of deciding on the proper treatment. As I become apprised of the reports, I think that on 20 August I shall be ready to assign the area of inspection and approval to a single individual on a high administrative level. But this matter has caused me to be dissatisfied and worried."

EEC and NATO

He also commented at several junctures on foreign policy and, concretely, Spain's membership in EEC and NATO. On the first topic he remarked: "All negotiations have their difficulties, and Spain's entry into EEC as well. Spain wants to be in the European Community de jure, because it already is de facto. There is no problem of self-esteem on this point, and I hope that, after the next European summit meeting in November we shall embark on the home stretch of the negotiations." Regarding NATO, the president of the government said: "Discussions have been held with all the political forces on this subject. The government has not yet made the decision concerning the parliamentary debate, but possibly at the next Council meeting the government may establish its position on this matter. In the fall, there may be a major, thorough, parliamentary debate." On this issue, the president of the government also noted that the bilateral treaty with the U.S. might have a new perspective, in consideration of Spain's forthcoming entry into NATO.

Gibraltar

Commenting on the recent incident concerning Gibraltar, and the refusal of the king and queen of Spain to attend Prince Charles' wedding, he said: "The king's reaction received praise from much of the foreign press, including the British. I think that the advantage stemming from this matter's having been brought up in very clearcut terms is that the negotiations may find a new impetus."

The president of the government concluded the press conference by explaining the priority subjects that the government will have to deal with once the summer vacations end. The signing of the autonomous pacts marks the beginning of their implementation. "The national accord on employment also requires execution. Hence, the government will concern itself with the execution of these essential pacts, which are perhaps the most significant acts since I took over the presidency of the government. We shall also keep up the battle against inflation because, although great progress has been made, and the inflation index is currently 13 percent, the battle has not ended and we are also concerned about the public deficit. In the area of terrorism, we shall carry out the measures that have been adopted now. In short, the government will continue to carry out the program that was explained at the inauguration."

Mr Calvo-Sotelo announced that he would travel to Mallorca in mid-August to meet with the king, and that the next Council of Ministers meeting would take place on 20 August.

2909

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RETIRING GENERAL OMITTS MENTION OF KING IN FAREWELL

Madrid EL PAIS in Spanish 8 Aug 81 p 3

[Excerpts] With the publication yesterday, in the "Official Journal of the Army," of the royal decrees whereby, implementing the recent law creating the active reserves, Lt Gens Pedro Merry Gordon and Angel Campano Lopez were retired as captains general of military regions II (Seville) and VII (Valladolid), respectively, the rejuvenation of the top-ranking military echelons which was the purpose of that law has begun. In Seville, Merry Gordon bade farewell to the officers with emotional remarks, in a speech wherein the omission of any mention of the king was noted.

Campano, for his part, began yesterday in Zamora to take leave of his military region, a farewell which will continue next week in Salamanca and Oviedo, and end on 20 August in Valladolid, according to our acting correspondent, Rafael Gonzalez. The temporary replacement for Lt Gen Campano, Gen Vicente Llorca Llorca, the military governor of Asturias, assumed command of the military region yesterday, although the replacement ceremony was not held. Probably at the Council of Ministers meeting scheduled for 20 August, the government will appoint new captains general for Seville and Valladolid.

"For the last time, I think, long live Spain!" exclaimed Lt Gen Pedro Merry Gordon, at the conclusion of the address which he gave yesterday, visibly touched, to the officers of the Second Military Region, at the farewell ceremony as its captain general, according to a report from our correspondent in Seville, Jose Aguilar. As we know, Merry Gordon was retired from his position as a result of the implementation of the Active Reserves Law. Official sources close to the lieutenant general remarked after the ceremony that Merry Gordon meant that he was shouting "long live Spain!" for the last time "as a captain general."

After responding to the captain general's shout, the officers in attendance remained silent, waiting for a "long live the king!" which was not forthcoming. The omission of a reference to the chief of state was later commented on indignantly by some of the military present, while others attributed the fact to the emotion of the occasion. The strictly military function was held in the throne room of the Captaincy General, with no civilian authorities in attendance. Overlooking it was a portrait of the king and another of the former chief of state. Gen Manuel Saavedra (temporary captain general and one of the candidates for assuming the actual position after the Council of Ministers meeting on 20 August) delivered a farewell address to Merry Gordon who, he said, had accepted with a spirit of discipline the new sacrifice asked of him upon the implementation, for the first time, of the Active Reserves Law which is intended to rejuvenate the top ranks of the Armed Forces.

Pedro Merry opened his brief remarks as follows: "I shall say little, because it will suffice. Quevedo has already spoken, and it doesn't matter if they arrest me, they haven't arrested anyone for not speaking. This is enough for me to say." He then noted that, after 50 years of service, "You can imagine my state of mind: emotion after emotion, great emotion." He stressed the fact that he had been born in a barracks, and that he was a son, grandson, greatgrandson, etc., of military forebears.

In conclusion, the former captain general instructed his assistant to read the order whereby he was promoted to commander of the Army during his participation in the battles of the Blue Division on Russian territory, bringing the ceremony to an end with the aforementioned "long live Spain!"

2909

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PRIME MINISTER DISCUSSES ISSUES IN GOTLAND SPEECH

Stockholm DAGENS NYHETER in Swedish 25 Jul 81 p 6

[Article by Kaa Eneberg]

[Text] Visby, Friday--Prime Minister Thorbjorn Falldin's debut in Almedalen turned literally into a general attack on Social Democratic ideas about employee funds. He said the funds were perhaps the most serious obstacle to the business community's willingness to invest, which is so important for restoring economic equilibrium.

Speaking to reporters assembled for a press conference, he justified his attack this way:

"It is certainly necessary to get some answers on a number of important points concerning the employee funds. It is important for the Social Democrats to shed light on their anxious emphasis and explain why they really want collective funds.

"Is it for ideological reasons that they have this anxious attitude?

Ownership

"If so, they must say it straight out, because it is certainly strange that they can allow ownership of cars, homes, and summer cottages but don't want to trust people with individual and personal ownership of a share in the economy--in production capital. Because that is precisely what helps to create the basis for the prosperity that provides cars, summer cottages, and so on.

"No, it seems that they do not want to trust the citizens with that. We in the Center Party naturally reject a fund socialism that eliminates private ownership. That is not the way that we want to encourage businessmen and the business community to make bold investments for the future." So said Falldin in Almedalen.

Center Party Stronghold

Falldin visited the open-air stage in Almedalen--the political summer stage--somewhat as a guest who required a lot of coaxing. For years the Center Party organization worked to bring the Center Party leader over here, but he always pleaded as an excuse the hay harvest and other pressing chores on his own farm in Ramvik. This year, however, he showed up, because after all, Gotland is the county where the Center Party has its greatest support, with just over 35 percent of the electorate. His

presence also guaranteed a big crowd at the park by the sea. Gotland has also advanced recently in the Center Party's hierarchy in that Torsten Gustavsson, a member of Parliament from Stenkyrka, was recently named minister of defense.

Thorbjorn Falldin said he did not know how the government intends to put together the 12 billion kronor that must be laid aside for the coming fiscal year. He said that the information reported in DAGENS NYHETER's Friday edition was only a list of possible measures worked out by officials in the ministries. The government has taken no stand on all the various alternatives being suggested, and they will not be reported on before the regular budget bill is submitted in January, he said. He gave assurances, however, that each ministry's budget will be closely scrutinized.

Tax Deductions

He also gave assurances, both in his speech and during the press conference, that "the ordinary homeowner" will not be harmed by the changes in deductions, which will best be worked out by a task force.

Questioned as to what he meant by "the ordinary homeowner," he answered by explaining that "price levels of between 500,000 and 600,000 kronor now seem to be normal in, for example, the Stockholm area." When asked whether that price group would get off scot-free, he did not give a direct answer.

He said: "It is not the tax reform that is the big threat to homeowners. Instead, it is the scare propaganda being spread by some circles that has led to the current uneasiness in the housing market."

Falldin asserted that together, the impending marginal tax reform and the reorganization of allowable deductions will give Sweden a fair tax policy which will "protect both the people's will to work and society's basic values concerning the distribution policy."

"The tax reform that the government will submit to Parliament in the spring of 1982 establishes a ceiling of 50 percent for most full-time employees." According to Falldin, the tax deduction reform is being designed so that "regardless of whether one earns 50,000 or 500,000 kronor, the so-called negative deductions will never be worth more than 50 percent."

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PAPER COMPARES FALLDIN'S STYLE FAVORABLY TO BOHMAN'S

Stockholm DAGENS NYHETER in Swedish 25 Jul 81 p 2

[Editorial by S.H.]

[Text] "What our country needs today is the will to cooperate, not confrontation for its own sake." With that statement in Almedalen, Thorbjorn Falldin drew attention to an important difference between the middle-of-the-road government and the Conservatives.

A broad solution is good if the solution itself is good--it is not enough for it to be broad. That was Gosta Bohman's attitude on Thursday toward arrangements between the two blocs.

It sounds bold and plausible. Who could be in favor of bad solutions? In reality, it is a gross simplification. By Bohman's line of reasoning, compromises would be well-nigh impossible. Political negotiations would degenerate into a situation where the party in question would lay its program on the table and invite all the others to adopt it. Every concession, of course, would make the solution worse than if the original policy were carried out. That is how Olof Palme operated in his worst hours.

As a matter of fact, other considerations must be taken into account--for example, the fact that a broad settlement makes it possible for a reform to endure even after the next election.

If a conceivable compromise has objectively good features, the possibilities for a broad agreement are another important plus. That was the situation in the tax issue. But the Conservatives seem to believe that Sweden's problems can and should be solved in a tough confrontation between two equally strong blocs--with the danger that unrest would appear in the labor market and that the policy would be regarded as wrong and unfair by half of the Swedish people. That is a risky line of action politically.

Thorbjorn Falldin argued yesterday for another way of working. He drew clear dividing lines with respect to both a conservative and a socialist policy--as one example, by his attack on the fund issue. It was really not a matter of "jumping on" anyone. But he emphasized the government's willingness to listen to others. Compromise has value in itself, a value that must be weighed when government bills and parliamentary decisions are being worked out.

Anyone who had expected the prime minister to provide detailed information about the content of the austerity plan was no doubt disappointed, but such expectations are unreasonable. The officials in the ministries must obviously work out the particulars before the government parties take a political stand.

That is no more remarkable than the fact that the Social Democratic emergency group queried its party members concerning both pensions and health insurance. Besides, the Social Democratic criticism is exceptionally inconsistent. On the one hand, they are attacking the proposed economy plans, and on the other they are saying that the government is still getting at "only" one-sixth of the budget deficit. If the Social Democrats want to reduce the budget deficit by more than the government by cutting back less than the government, they should immediately tell us how that is going to happen in practice.

What was lacking in Falldin's speech were signals about the political direction of the work being done to economize. What does it mean to protect the least privileged groups? Are starving people in the poor countries included? They should be. The promises to the underdeveloped countries that they will receive a percentage of the GNP in aid should not be given less weight than the promises to Gosta Bohman concerning defense budgets.

When 12 billion kronor are to be pruned from the budget, the bargaining must be based on political will and social commitment. Cutbacks should not become a prestige-laden battle between ministers thinking only of their own turfs.

In his speech, Thorbjorn Falldin adopted a considerably broader perspective than Gosta Bohman. Its starting point was people's uneasiness about peace and the environment. No matter how much Bohman claims to be defending the individual Swede, those are sentiments that he either cannot or will not understand. Acidification and the spread of poisons are a form of threat against the individual that does not fit into the Conservative Party's tax-centered analysis of society.

Here the middle-of-the-road government can make great contributions. Unfortunately, Falldin was not very specific when it came to the question of what to do. The sturdiest measures mentioned in his speech were examples of what the government has already done--in the field of employment, for example.

But energy is not best demonstrated through lists of government bills that have been submitted and government decisions that have already been made. Most important are specific and aggressive signals as to how the issues awaiting us in the 1980's are to be met. Such signals should be given by the government when it reconvenes before long.

This involves not just the economy. Environment, social rejection, the concentration of power, and equality between the sexes are also issues that affect our everyday lives--even though they are sometimes regarded as "less important." They also seem to be less important in Gosta Bohman's world of ideas. But fortunately, his world is not identical with reality.

POLL SHOWS VOTERS THINK COMMUNISTS HAVE BEST SOLUTIONS

Stockholm DAGENS NYHETER in Swedish 27 Jul 81 p 3

[Article by Sven Svensson]

[Text] The Liberal Party clearly has the least support from its voters when it comes to the 25 most important social issues in the spring of 1981, while the Left Party-Communists [VPK] have the highest support. That is shown by a public opinion poll conducted by the Foundation for Public Opinion Analyses. Even so, the Liberal Party expects success in the 1982 elections.

About 2,000 voters took part in the poll, which consisted of a form with about 500 questions to be checked off.

A voter barometer is shown below, but the foundation wants to refine its voter barometers through further questions.

For a party to be able to maintain its positions, its voters must stand behind party policy on what are described as the most important social issues. A change of opinion concerning an issue occurs earlier than a change of party.

The Foundation for Public Opinion Analyses feels that for a party to be sure of support from its sympathizers, it should have the support of at least 60 percent of its own voters in two consecutive public opinion polls on as many as possible of the 25 most important social issues.

The result indicates that the VPK has the highest support among its own voters on the 25 most important social issues. On nine issues, the VPK achieves over 60 percent, and it tops out with 89 percent on the question of lower food prices.

The Social Democrats are also supported on nine issues, but with lower percentages than the VPK. The Conservatives have good voter support on seven issues, and the percentage of support is high. The Center Party wins approval on two issues, while the Liberal Party loses on all counts.

Left Party-Communists

Food prices: 89 percent; housing costs: 85; taxes: 82; economic leveling: 79; defense costs: 79; destruction of nature: 68; measures against tax offenses: 67; inflation: 62; and sexual equality: 62 percent.

Social Democrats

Pensions: 77 percent; wages: 74; unemployment: 73; taxes: 71; inflation: 70; marginal taxes: 70; economic leveling: 66; worker participation in company management: 65; and housing costs: 60 percent.

Conservatives

Marginal taxes: 82 percent; inflation: 81; employer payments for social benefits: 80; school discipline: 79; comprehensive school grades: 79; taxes: 78; and nuclear power: 62 percent.

Center Party

Nuclear power: 78 percent; and destruction of nature: 75 percent.

The Liberal Party's highest marks are: 57 percent on sexual equality and 56 percent on wages.

If we look at what are called the opinion leaders in the various parties, we find that the picture is different.

In the VPK, their highest support goes to the demand for higher housing allowances (100 percent), while 87 percent of those in the Center Party want to do away with nuclear power, 87 percent of those in the Conservative Party want lower marginal taxes, and 84 percent of the opinion leaders among the Social Democrats want savings funds, a demand that otherwise gets little support. In the case of the Liberal Party, the list is headed by the concern for families with children (60 percent).

The foundation also polled the voters of the various parties on how they foresee the outcome of the 1982 elections.

Liberal Party Optimism

The Social Democratic belief in an election victory is very strong: 91 percent of the party's voters felt in the spring of 1981 that their party would win, compared to 74 percent in 1980. No one expects fewer votes.

The Liberal Party's members also expect success in the elections. In 1981, 27 percent are expecting more votes, compared to 10 percent in 1980. At the same time, the number expecting fewer votes rose from 20 percent in 1980 to 27 percent in 1981.

The Center Party's members are pessimists. As of 1981, 26 percent expect more votes, compared to 33 percent in 1980, and 26 percent expect fewer votes, compared to 13 percent in 1980.

Two years after the 1979 election, 11 percent of the country's voters are thinking of changing parties in the next election, while 16 percent are undecided.

The voters who, according to the voter barometer, have already decided to change parties in the next election differ in several respects from the more stable voters.

My own party has the best ideas about: (in percentages)	Conserva- tive Party			Liberal Party			Center Party			Social Democrats			VPK			All voters: very important 1981
	79	80	81	79	80	81	79	80	81	79	80	81	79	80	81	
	79	80	81	79	80	81	79	80	81	79	80	81	79	80	81	
Measures against tax offenses	38	38	42	41	16	33	26	34	36	54	48	58	69	67	67	79
Inflation	86	83	81	58	17	37	46	39	46	63	67	70	54	63	62	65
Destruction of nature	27	26	29	33	16	23	62	69	75	38	40	44	55	66	68	69
School discipline	83	79		21	28		31	34		33	33	39	29	46		50
Marginal tax	79	86	82	58	38	33	40	33	47	57	60	70	55	51	59	34
Food prices	39	44		16	33		39	45		54	61		82	89		45
Temperance	31	32	42	36	25	43	21	38	44	24	38	42	20	38	41	55
Bureaucracy	58	66		28	26		37	41		37	39		37	55		57
Taxes	78	78		31	52		39	42		63	71		62	82		37
Sexual equality	26	30	35	60	44	57	27	32	33	51	54	54	41	60	62	34
Unemployment	49	49	52	48	29	46	39	41	45	68	70	73	55	68	59	73
Comprehensive school grades	69	78	79	35	17	31	29	32	32	37	38	40	32	35	53	27
Economic leveling	30	38	43	43	24	47	28	34	36	65	64	66	68	71	79	26
Wages	55	55	61	51	31	56	33	38	41	71	74	74	58	53	70	37
Nuclear power	48	62	62	39	29	42	79	71	78	50	63	55	35	59	69	28
Housing costs	48	46		28	40		32	39		60	60		69	85		22
Employee funds	53	56	68	30	24	36	22	26	32	58	68	58	32	42	49	15
Pensions	37	50		23	40		41	49		74	77		47	43		15
Worker participation	40	43	55	44	33	49	24	35	43	69	67	65	48	54	63	18
Defense costs	54	55		20	33		32	40		50	51		76	79		24
Employer social insurance charges	78	71	80	30	22	43	36	50	58	65	64	55	55	54	59	17
Added in 1981:																
Government spending	77			32			43			54			51			44
Higher education	64			39			30			51			44			26
Concern for families with children	42			50			46			73			75			28
Future energy supplies	56			42			78			57			65			67

For a party to be able to maintain its positions in coming elections, its sympathizers must stand behind the party policy on important social issues.

The Foundation for Public Opinion Analyses feels that for a party to be sure of voter support, it must have 60-percent support in two consecutive polls in order not to risk losing voters in the next election.

The VPK and the Social Democrats have that support on 9 of the 25 most important social issues, the Conservatives have it on 7, the Center Party on 2, and the Liberal Party on none.

The table shows, for example, that the number of Conservatives wanting measures against tax offenses has increased from 38 percent in 1979 and 1980 to 42 percent in 1981. Higher figures are reported for the other parties, with the VPK the highest at 67 percent. The highest figure for the Liberal Party concerns sexual equality. In 1979, 60 percent of the Liberal Party members felt that their party was handling that issue best, but the figure then fell to 44 percent in 1980, only to rise again to 57 percent this year.

New demands have arisen during 1981, among them a concern for families with children. The poll shows that 73 percent of the Social Democrats feel that their own party is handling that issue best, compared to 75 percent in the case of the VPK.

Party switchers have a very definite attitude toward social welfare. Almost two-thirds of the party switchers--61 percent--are demanding less social welfare, compared to an average of 29 percent for all voters.

Almost every second party switcher wants more days off from work (49 percent, compared to an average of 18 percent) and more school grades (48 percent, compared to an average of 32 percent for all voters). The demand for lower housing allowances (39 percent compared to 20 percent) is also important to those switching parties.

Note: This is the third year in a row that the Foundation for Public Opinion Analyses has conducted its polls for the political parties as well as for private and cooperative firms and others.

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LIBERAL PARTY DISCOURAGED BY POLLS, CALLS EMERGENCY MEET

Stockholm SVENSKA DAGBLADET in Swedish 27 Jul 81 p 6

[Article by Hakan Bergstrom and Willy Silberstein]

[Text] On 30 and 31 August, the Liberal Party's leadership will hold a meeting in Stockholm. At that meeting, the parliamentary group and the party board will discuss the party's embarrassing situation now that the SIFO [Swedish Institute for Public Opinion Polls] figures are lower than ever.

For 2 days the Liberal Party will air internal discontent. There is divided opinion on which issues the party should concentrate on. Some forces want to continue pursuing traditional issues such as equality and the policy toward underdeveloped countries, while others want a greater concentration on economic policy.

Various forces within the party have long been trying to get a meeting such as this in which problems and internal discontent could be aired.

In the last two SIFO polls, the Liberal Party has gotten a record-low 6 percent. That is only 0.5 percent more than the VPK [Left Party-Communists] had in the most recent poll.

Lars Leijonberg, the party secretary, says: "The situation is clearly serious. We have not been able to beat back the fear propaganda from the Conservatives following last spring's tax agreement."

Critical Situation

Other leading Liberal Party members contacted by SVENSKA DAGBLADET also talk unanimously about great unrest. Is this an emergency meeting being called by the Liberal Party for August?

Minister of Education Jan-Erik Wikstrom said: "It is an emergency meeting insofar as the Liberal Party now finds itself in a critical situation. Our meeting will be one stage in recharging ourselves."

At the same time that the mood in the Liberal Party is tense, a wait-and-see attitude prevails. Liberal Party members are waiting to see which policy the new middle-of-the-road government will be able to carry out. There was not time to get it going before the summer lull. The picture will not clear up until fall.

The party leadership can count on criticism from around the country at its August meeting. It is known that many in both the parliamentary group and the county federations are dissatisfied with the "Stockholm clique" surrounding Ola Ullsten.

Poorly Informed

The criticism can be exemplified by this voice from Skane:

"Many people feel that the top leadership is poorly informed about the mood around the country. They also feel that the grassroots must have more influence." So says Henning Schale, the Liberal Party's district secretary for Malmohus County.

And it is no coincidence that the two new Liberal Party ministers following the cabinet shuffle--Karin Ahrlund and Bjorn Molin--are from Malmo and Gothenburg respectively. Those are the chief centers of criticism against the party leadership.

No discussion concerning Ola Ullsten's position is to be expected during the deliberations. Changing party leaders 1 year before an election is never a wise move.

Ullsten's position is not threatened. And he himself wants to keep the job, even though it is known that he has sometimes felt that the job is terribly exhausting. On occasion he has been very upset by the criticism that has appeared, chiefly in the mass media.

No Successor

Several Liberal Party members say, however, that Ola Ullsten's position is not threatened for the very simple reason that there is no natural successor. Ingemar Eliasson and Jan-Erik Wikstrom have been mentioned as possibilities, but they arouse no enthusiasm.

One Liberal Party member of Parliament says: "If there had been a good alternative, strong forces would certainly have been set in motion to bring about a change in leaders."

Enar Arlebrandt, a local politician in Storuman, Vasterbotten County, says: "Ola Ullsten does a good job, but I am one of those who feel that it would be better if he devoted more energy to the party and less to foreign policy."

Disagreements as to which issues the party should concentrate on are to be expected at the August meeting. The party leadership will try, for one thing, to establish firmly a new austerity package in which 12 billion kronor will be pruned from the budget.

Sven G. Andersson, member of Parliament and a master barber from Orebro, is one of the Liberal Party's older members of Parliament. He expresses himself in drastic fashion:

"We have concentrated on the wrong issues: underdeveloped countries, schools, and equality.... Probably no one is interested in equality issues except an occasional woman on her way up."

Sven G. Andersson prefers that the party concentrate strongly on issues concerned with economic policy and sociopolitical questions.

"The economic policy is important if we are going to survive at all. The Swedes can no longer sell products abroad on the strength of their blue eyes alone."

But there are other Liberal Party factions that want to be heard. Enar Arlebrandt, municipal commissioner in Storuman, Vasterbotten, is a member of the Liberal Party's party board. He says:

"For me, the temperance policy is the absolutely central issue. We must have restrictions. Registration of alcoholic beverage purchases would be a step in the right direction."

Lost Identity

Like many other Liberal Party members, Arlebrandt also says that the party compromised itself through two three-party governments and thus lost part of its own identity.

Strategist and party secretary Lars Leijonberg also says he has learned his lesson from the 1979 election:

"Now we know that being part of the government does not bring any benefits in itself. We must combine specific results in the government with efforts to convey a specific image of the Liberal Party."

An important--and sensitive--question is this: with whom is the Liberal Party to collaborate? There are those within the party who talk about a coalition with the Social Democrats. Others stand up for a nonsocialist government with the Conservatives if the nonsocialists win next year.

No to Conservatives

The Liberal Party's young members have long been trying to put a stop to cooperation between the Liberal Party and the Conservatives.

Peter Orn, chairman of the FPU [Liberal Youth Association], says: "Before next year's election it will be important for the party leadership to make it clear that the Liberal Party is not going to sit down again and govern together with the Conservatives."

Some leading Liberal Party members also feel some degree of confidence about the meeting in August. Under Secretary Bert Levin believes that unity will be achieved concerning the main issues:

"In my opinion, the meeting's main task will be to try to create the embryo of an election platform. I believe that we will achieve strong support on the main issues: the need for a socially oriented market economy and the need for social responsibility toward poor people and countries."

Missed Connection Between Policies and Ideas

Ola Ullsten told SVENSKA DAGBLADET: "Certainly I am disturbed at the low figures in the poll. But we are now going to turn that feeling into something constructive." Ullsten also made it clear that he likes his job and wants to continue leading the Liberal Party.

Just like Prime Minister Falldin, Ullsten explains that the danger of a loss of support always exists for parties that are in power during times of austerity.

"It is naturally comfortable for the Conservatives, who simply abandoned the job of bearing the burden of governing Sweden. But the country has to be governed, even if it costs something for us and the Center Party."

What has the Liberal Party done wrong, seeing that its SIFO figures are so low?

"We have certainly made mistakes. We no doubt failed to point out the connection between the policy we pursue and our ideas."

Wants To Listen

Concerning internal opposition to the party leadership, Ola Ullsten says that critical voices are always raised in a movement with life in it.

"We take criticism seriously, and we naturally want to listen. Perhaps we have been doing a poor job of it. But that is one reason why we have called a meeting for the end of August."

Naturally, the Liberal Party must concentrate on explaining to the voters why the coming austerity measures are necessary. Other issues that Ullsten wants to pursue are the need for a market economy, equality, and international solidarity.

"We must also establish guarantees against collective employee funds. The choice now is between socialism and liberal development."

Concerning his job as party leader, Ullsten says he likes it. One has to like the job to be able to do it.

"I cannot go around thinking of resigning. I have taken on a responsibility that must be carried out."

"It is no bed of roses, but I knew that before I took the job. It is a tough assignment that requires total commitment. I want to continue as party leader."

No Coalition With Social Democrats

Will the Liberal Party form a coalition with the Conservatives if there is a nonsocialist victory in the next election? The question is a sensitive one for Liberal Party members.

Ullsten expressed himself cautiously: if there is a nonsocialist majority, he wants to see a nonsocialist government.

"We were willing in 1979. Now it is up to the Conservatives to decide whether they will hop aboard or not. We have no reason to bring up the government issue again."

On the other hand, he clearly draws the line when it comes to the left. There is no chance of a coalition across the boundary between the Liberal Party and the Social Democrats. The differences between viewpoints on the economic policy are too great.

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PAPER COMMENTS ON CONTINUING DECLINE OF LIBERAL PARTY

Stockholm SVENSKA DAGBLADET in Swedish 28 Jul 81 p 2

[Editorial: "Party in Crisis"]

[Text] "We have concentrated on the wrong issues: underdeveloped countries, schools, and equality. Probably no one is interested in equality issues except an occasional woman on her way up."

Behind those words stands one of the Liberal Party's oldest and more prominent members of Parliament, master barber Sven G. Andersson of Orebro. They were part of his statement to SVENSKA DAGBLADET in connection with the article on the crisis in the Liberal Party that was published on Monday.

His statement is marked by bitterness. Andersson is certainly not as prejudiced against efforts toward equality as that statement would lead one to suppose. Rather, it is a question of an interesting outburst of temper at the thought that his party has lost its solid foundation, that ideology is adrift on the borders of socialism without a firm anchorage, and that the voters are therefore drifting away from the party at a rate that raises the question of whether the Liberal Party will be able to clear the 4-percent hurdle in September next year.

There is also a kernel of truth in what Andersson says. The Liberal Party's policy has been shaped by the once-young whom, if we remember correctly, Gunnar Helen described as the golden generation. And there was indeed a brilliance about it, but the brilliance that shined lacked roots in what can be called the Sweden of everyday toil. The young politicians, who perhaps more than anyone else talked about the problems of local democracy, themselves lacked--and now that they have gotten along in years, apparently still lack today--close contact with their own grassroots.

Among those once-young, there was a strong feeling for what could, by a somewhat gross simplification, be called inner politics--issues that generally seemed spectacular and were, above all, the fashion in Stockholm's inner political circles. The young people were driven by an urge to stand out as radicals. It was a matter of hurrying to get there before the Social Democrats, even at the cost of winding up further left than the latter. Whether or not their views were in accord with the ideological foundation which was Bertil Ohlin's and which carried the Liberal Party through the difficult ATP [general supplementary pension plan] crisis seemed to be of little significance.

What the Liberal Party has therefore wound up in--almost unavoidably--is a deep and serious ideological crisis. But it also involves a crisis of people, since the party's leadership so markedly personifies something of an ideological collapse. A party that stands for liberal values cannot stand out with impunity as the foremost advocate of prohibitionist ideas.

What is more telling than the suggestion that there must be compulsion (compulsory savings) to make the Swedish people stockholders? The broadminded heritage has been better preserved; even someone liberal enough to believe in people and reject compulsory measures does not doubt that there is a concern for people behind the prohibitions being touted.

It will be readily admitted that it is not always so easy to produce a synthesis between liberalism and broadmindedness and that even in the past there was a dualistic aspect to the Liberal Party's policy--historically conditioned and therefore understandable. But that is something quite different from emotionally disliking conservative policy so much that one simply turns one's back on something that over 1 million Swedes consider proper and to be so bewitched by radicalism that one places oneself so far to the left that party sympathizers can no longer follow.

Three features in particular of the Liberal Party's crisis are so very obvious that not even the leadership itself can readily fail to notice them. There is more talk about whom they can cooperate with than about which policy the party stands for. In a situation where the economy and business rightly find themselves in the center of political interest, the Liberal Party is our least production-minded party. While Gosta Bohman and Thorbjorn Falldin always use the party as their starting point and are careful about it, the Liberal Party seems more like an instrument on which its leaders can play their own tunes than a foundation on which one can build.

For a party in crisis, nothing is more serious than to deny that everything is not as it should be. In that respect, the Liberal Party has at least reached a place from where it can make a turn for the better, seeing that it is frankly acknowledging the situation of disaster.

But then the question must also be asked: is there any hope as long as each new generation (which at some point will take over) appears to have it as its chief goal to stand to the left of the Social Democrats wherever possible?

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OFFICIALS CALL FOR INCREASE IN FEDERAL BORDER POLICE

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Jul 81 p 4

[Article by Claus Einar Langen: "Plans for a Ready Reserve for the BGS (Federal Border Police)"]

[Text] The formation of a reserve with a strength of approximately 3,000 is supposed to improve the striking power of the BGS, should there be a state of tension and defense. The command and combat section in the police department in the Ministry of the Interior, which is concerned with such planning, is of the opinion that in respect to any "escalation of duties" resulting from a state of tension and defense a reserve can "substantially increase" the combat strength of the national police force. Jentsch, deputy chairman of the CDU and CSU of the Bundestag's Interior Committee, welcomed these plans, but did say that a reserve must be for the purpose of strengthening the BGS and not--as the government might possibly intend--of compensating for a reduction in personnel.

In the Ministry of Finance personnel savings for the BGS are being considered which suggest reducing the overall strength to about 16,200 men in 1989. The authorized strength of the BGS in 1989 would then be reduced from today's approximately 22,500 men--in spite of an additional reserve of 3,000 men--to about 19,200. Yet strengthening the BGS for a state of tension and defense, for the moment only on paper, is now under consideration in respect to NATO's staff command post field exercises.

What does that phrase "escalation of duties" mean in the case of tension and defense? The national police force is expected to be involved, for example, in evacuating and sealing off areas, it is to direct movements of the population and support the armed forces in keeping military roads open. There could be additional security tasks, for example, the fight against armed terror and sabotage groups and use against armed rioting mobs.

To expand duties for a state of tension and defense (without the simultaneous increase in duties in the event of an internal state of emergency) the Ministry of the Interior considers an "active BGS reserve" of about 10,000 "defensible"; if this is correctly interpreted, it surely means that such a reserve for a state of tension and defense is viewed as "essential." The ministry, building on a resolution of the Interior Committee which was approved by the Bundestag concerning the state of civil defense, has now therefore been investigating whether in a state of tension and defense even those persons liable for military service and reservists can be called up to serve in the BGS.

There is the view that persons in those groups which are called up for military service should not be utilized in the BGS since they have not had any appropriate police training. In respect to the question about using "Bundeswehr reservists who appear to be suited for police enforcement service in the BGS" there is the opinion in the Ministry of the Interior that any obligation to serve in the national police force presupposes a change in the Federal Border Guard Act (Paragraph 49). Yet before "changing the law with those kinds of consequences" is considered, it must be learned whether the formation of a reserve does not need to be realized right now.

The intention is to put together a reserve for the BGS using former BGS police enforcement officers and former border policemen. In this connection reference is made, among other things, to Paragraph 52 of the Federal Border Guard Act: "Those liable for border police service who have served their basic border police service and former police enforcement officers in the BGS who have been obligated to render police enforcement service in the BGS are members of the border police reserve."

The responsible officials in the ministry of the Interior are of the opinion that there are limits on the possibility of "enlisting" former trained BGS members "to form a BGS reserve and thus to strengthen the BGS to a substantial degree." In the case of those with previous service we are talking about approximately 37,000 persons who can be called up by the district selective service boards up to age 32; with such an early termination of the call-up toward the end of the 1980's, it will scarcely be possible to obtain forces for a BGS reserve. Thus, it is being recommended that call-up be extended "at least" to age 45.

On the one hand, it would be possible to fall back on a part of those roughly 21,000 police enforcement officers who have been released since 1 January 1970, and, on the other hand, the approximately 10,100 former border policemen. A reserve could also be filled up by those officers who were trained prior to 1976 according to the old law, who still comprise up to about 30-40 percent of the personnel of the BGS and who for the most part will be discharged from BGS service by 1984. These numbers would be adequate to form a BGS reserve of about 10,000 men for a state of tension and defense, with the goal, according to the report, of giving something like formations and units the necessary combat strength and establishing new units and partial units. Calling up more than 3,000 reservists would nonetheless encounter "substantial difficulties" because in the opinion of the Ministry of the Interior there is, for example, a lack of necessary command and cadre personnel in the BGS.

Thus, the intention is "to incorporate as soon as possible into the civil emergency plan the presently realizable planning and formation of a BGS reserve with a strength of 3,000 men using existing personnel and material"; that is how it is stated in a memorandum requesting Minister of the Interior Baum (FDP) to approve the recommendation. Among other things, in a state of tension and defense there is a need to be assured that the authorized strength of formations and units of the BGS is guaranteed. This is where the opposition will presumably cut in. Delegate Jentsch--he advocates alternative service in the national police force--demands, for example, that that planned reserve of about 3,000 men be kept ready not only for a state of tension, but also for the BGS's current duties.

An interpellation prepared by the CDU/DSU fraction, which is going to be presented in the Bundestag during the summer recess, seeks to expose the "alarming condition" of the BGS, alarming in the opinion of the opposition. In a clarification included with the question it is stated that "for a long time" the BGS "had not been conforming" to the duties imposed on it by the constitution. In the event of a serious situation the BGS is not prepared.

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NEW REGIONAL ADMINISTRATIVE SYSTEM PROPOSAL STUDIED

Istanbul HURRIYET in Turkish 29 Jul 81 p 17

[Text] Ankara (Hurriyet)--Plans call for providing Turkey with a new administrative system within the framework of activities designed to "reorganize public administration." Preparations, contained in the government program, which is to bring about the transition to a system of regional centers have been completed and a report has been prepared.

According to the "proposal," which is to bring about the transition from provincial administration to regional administration, Turkey is to be divided up into 18 administrative regions. The proposal, prepared following studies undertaken at the initiative of the Ministry of Reconstruction and Development and the State Planning Office, will be studied by the council of ministers. The transition from provincial administration to regional administration, proposes to lighten the load on the center (Ankara), to bring about the solution of a large number of important problems at the regional administration level and consequently to relieve the crowding in the state administration in Ankara.

The regional administrations, with their broad authority, will assume some of the powers of the ministries. This system will make the entire state more efficient, from the orderly distribution of investment to the proper executing of tasks.

According to the proposal, the expansion to an 18-region administration will take the following form:

- 1) The connected provinces of Adana (the center), Hatay and Mersin;
- 2) The connected provinces of Ankara (center), Cankiri and Corum;
- 3) The connected provinces of Antalya (center), Burdur and Isparta;
- 4) The connected provinces of Bursa (center), Balikesir, Bilecik and Canakkale;
- 5) The connected provinces of Diyarbakir (center), Bingol, Malatya, Tunceli;
- 6) [Text omits this number]
- 7) The connected provinces of Erzurum (center), Agri, Erzincan, Kars and Mus;

- 8) The connected provinces of Eskisehir (center), Afyon and Kutahya;
- 9) The connected provinces of Gaziantep (center), Adiyaman, Kahramanmaras and Urfa;
- 10) The connected provinces of Istanbul (center), Edirne, Kirklareli, Kocaeli, Sakarya and Tekirdag;
- 11) The connected provinces of Izmir (center), Aydin, Denizli, Manisa, Mugla and Usak;
- 12) The connected provinces of Kayseri (center), Nevsehir and Yozgat;
- 13) The connected provinces of Konya (center) and Nigde;
- 14) The connected provinces of Samsun (center), Amasya, Ordu and Sinop;
- 15) The connected provinces of Sivas (center) and Tokat;
- 16) The connected provinces of Trabzon (center), Artvin, Giresun, Sumushane and Rize;
- 17) The connected provinces of Van (center), Bitlis and Hakkari;
- 18) The connected provinces of Zonguldak (center), Bolu and Kastamonu.

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